Daily Report

Latin America

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Cuba

Castro Speech to Solidarity Groups

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[Speech by Cuban President Fidel Castro to solidarity groups at the Othon Palace Hotel in Bahia, Brazil on 18 July—recorded]

[Text] [Castro] What do you think will be better, in Spanish or translated? [unintelligible collective answers]

[Unidentified translator] Better in Spanish if spoken slowly.

[Castro] To speak slowly? I will be understood if I speak slowly?

[Unidentified speaker] Yes.

[Castro] Yes. But you are Cuban. Of course you are going to understand me. [laughter] I want to stand here because I feel closer to you. Behind the microphones it feels like a foxhole. I really want to take this opportunity to talk in a more intimate manner. First of all, I must tell you that we are all highly moved by what you have said. We had already felt your friendship before arriving in Brazil because everyone was telling us that in Rio [as heard] the conference was going to be very good. In Rio there is great interest, great friendship. Did I say Rio? I meant Bahia. I am confusing Rio and Bahia. I was told that in Salvador de Bahia there was going to be great warmth and friendship, that it was going to be very good. Therefore, we already knew about you before coming to Brazil. We feel encouraged and enthusiastic.

Bahia is not Madrid. I am not going to say anything against Madrid. We have many friends in Madrid. Many people mobilized themselves in Madrid in support of Cuba. There are many people against the blockade—in Madrid and all of Spain. But, in Madrid, the Cuban exile community [gusanera] arrived by the planeload from Miami to stage provocations at the airport, the hotel, and everywhere else. Despite the fact that they spent a lot of money and bought certain small groups, many more Spanish groups were there without anyone paying them to support Cuba. The small groups were in the background and no one took notice of them.

They flew planeloads into Madrid, Barcelona, and Seville. What we did in Barcelona was take many gold, and other types of medals in the Olympics. In Seville there was a large number of Spaniards supporting Cuba at the World's Fair as soon as the presence of those people was noticed. But of course, in Madrid they could move about much more easily than in Brazil and Bahia. There is no need to tell you that everytime one of these trips is organized, they mobilized themselves and not only to heckle. They plot aggressions and attacks. There is no telling the number of plans they make every time they know we have to travel somewhere, nor the plots they organize ahead of time.

The truth is that whenever they organize any of these plots, instead of becoming sad, I become happy, because in the end, challenge is what I enjoy the most. They know I like challenge. They know I am not going to take a different path to avoid them. I follow the same path as a matter of principle and honor. Many times I approach them and talk and discuss with them, but they do not have any arguments. They do not have any ideas to discuss.

Most times, [corrects] or almost never, or never, they have the courage to follow through. I remember that when I visited Chile during the Allende era, they organized attacks all along the 20-day itinerary. A camera was even put before me with a weapon inside. I have spoken before cameras with weapons inside, but they are not fanatics or fundamentalists. They are mercenaries and mercenaries want to live to enjoy their payment. That time when the camera was before me, they did not dare to pull the trigger. I am telling you this because every time I have to travel, I am not a liberty to do so freely. I encounter all kinds of problems of this type.

Sometimes, I find resistance in Cuba when I am going to travel abroad because many comrades are afraid of the flights, the arrivals, the driving around, entering and exiting buildings. At times, it looks like a full-fledged war is taking place in the hotels—so many reporters, cameras, machines, and microphones make it hard to enter or leave the hotel. Some of those reporters are also sent from Miami with a list of questions. Their questions are worthless because they are based on slander and lies. There is a phrase: A liar is caught faster than a one-legged man.

As soon as you exchange a few words with them you uncover all their lies. They have no morals when it comes to this. Yet, others are sent to insult, and the insult lies in their questions. They are very subtle and experienced. They know what to do to provoke, upset, and heckle.

For example, there are lists of 30 or 40 reporters. They do not ask the question to get an answer because one dismisses them, but to ask an insulting question with cliches and lies. They organize provocations everywhere. Of course, here it has not been easy for them because—it must be said—the authorities did not give them any opportunities. But it is very difficult in a city that so many tourists and reporters visit to stop them from approaching and making provocative statements. What I want to stress is that these trips are not easy. This is why the comrades were so happy when they learned of the atmosphere in Salvador de Bahia. We were already aware of it. Everyone perceived it. Everyone was very happy to know the summit was going to take place here in Bahia.

These summits are not easy either. Of course, one has to rigorously fulfill one's duty in them—as a matter of

decency. I use the summits to try and conduct exchanges, talks, and to convince. Something curious—at many of these summits you find people with good intentions, although we do not share the same ideas. In our eyes, they have the wrong ideas and concepts, but I have found decent people with whom to talk, converse, and discuss. It is always useful to conduct these types of talks. There are also always cases of people who have too many prejudices or some who want to gain the favors of the Yankees, the imperialists. And that is their role; to see how they can divide, create conflict, and get brownie points.

But there is a reality that makes the summit difficult: the prevailing idea among most Latin American leaders today is neoliberalism—the ideas of the International Monetary Fund [IMF], the ideas of the United States on how the economy of Latin American countries should be organized and carried out. These are the prevailing ideas: We have to reduce the budget deficit; we therefore have to close down schools and hospitals; the people have to tighten their belts to balance the budget. We have to privatize, sell everything, even the streets. In Latin America, some have even sold parks and streets. It goes beyond the sale of industries, to the sale of public sites—roads, and those types of things. Along this path, there will be a time when Latin American will have nothing left because they will have sold everything.

These ideas have gained strength. They are the fashion, particularly following the collapse of the Socialist Bloc and the USSR. Neoliberal ideas have gained much strength but I also believe that neoliberal ideas are beginning to lose strength. I have noticed this in the three summits. I noticed in this summit that many leaders spoke of social problems.

We have to thank the Brazilian authorities for putting the issue of development, and particularly development in the social sense, or development emphasizing the social aspect, at the core of this summit. The Brazilian side included in the agenda the issue of social development, and since it was in the agenda, many spoke about it.

There was optimism because inflation has decreased. Of course, everything has been sold and some money has been accrued. Schools, hospitals have been closed. Jobs have been eliminated. Millions of people have been thrown in the streets without a salary or income. Under these conditions, certain economic indexes, such as inflation, have decreased. The budget deficits have decreased. Everyone knows that if half the schools and hospitals of any country are closed down, and social security disappears, and millions are thrown on the streets, the deficit shrinks.

The United States says: Do as I say, not as I do. No other country has a budget deficit as high as that of the United States. No other country has a trade imbalance as great as that of the United States. Yet they prohibit others from doing the same. When they need more money, they print it, because it is the dollar and it is a rich and powerful country. If we had a dollar factory and started paying for everything with paper, we would have no problems of any kind, no difficulties, no special period. This is what the United States does.

The Vietnam War was conducted tax-free. The arms race was conducted tax-free by printing dollars and selling U.S. Treasury bonds. This got the American people accustomed to not paying taxes. They organized wars and adventures of every kind, and rearmed themselves without paying their dues. They are, for the most part, responsible for the phenomenon of inflation experienced in the world.

But the IMF tells Latin American countries that they cannot have a budget deficit, nor inflation, nor this or that. It tells them: sell the factories. These are the orders that Latin American countries have been given. Then, they loan out some money, and ease renegotiation of the debt to the governments that follow those orders. This is why certain indexes have improved but others worsened. There have never been so many poor people in Latin America. There has never been so much unemployment in Latin America. There has never been such regression in education and health as Latin America is presently experiencing. There have never been so many abandoned or homeless children.

In other words, while they show certain improving indexes, the situation of the people is worse. I said so. I had to say it the day of the speech. Otherwise, there is great optimism: everything is going well, everything is coming up roses; and the truths are not spoken. But on this occasion, many of the Latin American leaders had to acknowledge, mention, and explain social problems. Brazil's position, as I mentioned before, contributed to this by putting this issue at the core of the summit.

I listened to some of the participants in the summit and they sounded like Bolsheviks. [laughter] It sounded as if poverty and injustice had been just discovered for the first time in all this time. Since its discovery in this hemisphere, since they are saying it was just discovered, and this hemisphere discovered the conquistadors and enslavers, since then have injustice, poverty, exploitation, hunger, and disease existed. Yet, during the years of exploitation, the slave owners took better care of their slaves than the care given today to a worker because if the slave owner lost a slave, it was like the owner of a horse or of cattle, it lost a head of cattle. The care and food given to a slave so that it would not die was better than that given by capitalists to their workers because if a worker dies, they hire another and lose nothing. Thus, injustice, exploitation, hunger, and poverty are older than Methuselah.

As you know, Methuselah, and the Brazilian people are familiar with the Bible, lived 900 years. This is where the saying: Older than Methuselah, comes from. And older than Methuselah are all those social problems. Yet, it seems they have just discovered it and that neoliberalism, that is responsible for all this, with its father,

Capitalism, are alone responsible for all this great misfortune, calamity, and tragedy.

I have to attend those meeting in representation of a socialist state. I am glad. It is an honor to have been invited. The Yankees were not happy with the fact that we were invited. Everything seemed fine to them as long as Cuba was not included. Because Cuba is not a member of the Organization of American States, the Inter-American Bank, the World Bank, Cuba is not to be found anywhere a cent can be had on loan. Of course, they do not like Cuba participating in the summits but Mexico remained firm, and despite Bush's pressure, it said: Let Cuba be there too. This is why Cuba is included in the summit and once you are somewhere, it is difficult to throw you out.

We come to these summits with an understanding [corrects himself] in a constructive spirit. We know that we are not going to meet with representatives of socialist countries or of countries with a similar system. We know that we are going to meet with representatives of countries under the capitalist system at a time when capitalism's star is up. It has a lot of prestige—a neoliberal era. This is why we come here not to fight or insult, but to work with a constructive spirit and purpose.

What is the first good thing we see in the summits? That for the first time, Latin America meets without needing permission from the United States. Before, Latin American leaders met only when the United States indicated. It did not have to talk in either Spanish or English. It was a mute language. Come!—they wanted to say. It reminds me of the sign language used on television by making all type of signs. The United States did not make many signs, only one, and everyone ran to Washington, honored and proud. They have been invited by Washington to meet! We rate, because Washington has invited us. Now, for the first time in history, and at the initiative of Mexico, Latin Americans have met without the participation of, or permission from, the United States. There was the second meeting, and Bahia is the third.

Some are already suggesting holding the summit every two years. I immediately explained my views. I said that I disagreed, that this was a great step forward which should not be allowed to cool down. Why do I believe this movement is important? I do not see this movement as a meeting place or a social club. This is a place to meet to work. Not to work for inconsequential things. We have to work for the unity of Latin America. In my opinion, this is the reason and goal of the summits.

Latin America does not have any future, not even independence, nor security nor peace in a world ruled by great political and industrial giants. What can our countries alone do? Brazil might have the most possibilities because Brazil is a continent. It has 8 million inhabitants. Brazil has as much land as the PRC, and great natural resources. If any Latin American country could hope to develop alone, Brazil is it. However, even Brazil needs Latin America. Brazil alone is not the same as Brazil together with the strength of Latin America. If someday we must fight for Brazil to have a seat on the Security Council, or to be a permanent member of the Security Council, it needs the support of Latin America.

We also spoke about this. The need to democratize... [changes thought] Much is said about democracy, yet the United Nations is the worst example of it. The Security Council is permanently controlled by five countries. No one elected them, they appointed themselves 50 years ago. At the begining, only 40 or 50 countries belonged to the United Nations. Today, there are close to 200. We have stated that the United Nations has to be democratized and reformed. Of course, to reform and democratize the United Nations would mean the disappearance of the veto. It would mean that all members of the permanent council would be elected

Of course, this is very difficult right now. If this is not achieved, at least certain modifications should: increase the number of members in the UN Security Council, triple the number of permanent members, and have at least two representatives from Latin America, two or more from Africa, and two or more from Asia, which are former colonies and are now independent and should have representation in the Security Council.

The Security Council is very important because it is the mechanism by which imperialism, in its hegemonic role in an unipolar world, wants to rule without even rendering account of its actions to the General Assembly. They decide to intervene somewhere and along they go, there go the U.S. troops. To Somalia they went with tanks and cannons to allegedly fulfill a humanitarian mission, and are now killing Somalis every day. They shell and attack them with planes and choppers to fulfill a humanitarian mission. With the pretext of a humanitarian mission, one day they might invade Bahia, Guyana the next, and any Latin American country the next day. This is why this is so important. It is not only a theoretical or moral issue. It is very important to democratize the United Nations. This is why I said that Latin America needs Brazil and that Brazil also need Latin America.

We were the most colonized region in the world, the largest: from California to Cape Horn. We were a colony of the Iberian Peninsula. The language differences were not too great. If you were French and I was German, we would not be able to talk here as we are now doing. You would not even understand me when I said, good morning. But our languages, Portuguese and Spanish, are so similar that if the mikes are working and I speak slowly, we can be understood.

This is why we have a common culture, language, and race. Fortunately, we are a great mix of races. These are not only the words of a politician, but would also be the words of a biologist. Hybrids are strongest and most resilient. Our peoples are mixed, and have produced an outstanding race. The composition is not even, but there is a mixture of Indians, the few who remained; Africans

who were brought over and enslaved; and Europeans. Our peoples cannot be scorned or underestimated. This is why I believe that we could become a large, gigantic community. If we unite, we can have a place in the world. No one could treat us with disdain, nor trample us.

This is why I said that the most important thing about this summit is to fight for economic integration and increasingly stronger political ties among the peoples of Latin America. We would be a giant. We could talk to the United States as equals. We could talk with Europe and Japan or any great community as equals.

As we see it, this is the importance of these summits. This is why we give it such attention. But you must understand that it is not easy when the economic positions of the other participants in the meeting are taken into consideration. Anyhow, it is useful and the fact that this meeting discussed social problems, is a great step forward. We have to work at discussing the issue of integration more. That will be a great step forward because it is the only path for our future. Otherwise, what will we be in the next century if we continue in this manner? Of course, today they advocate a neoliberalism prescription, but neoliberalism will pass, as all epidemics do. There is presently a neoliberalism epidemic, but the reaction to the epidemic will eventually come. Neoliberalism is already beginning to wear down. Neoliberalism has not worked in Europe. In Europe, there are more unemployed every day, more inequality. Xenophobia is increasing in Europe. Attacks against immigrants are on the increase in Europe. Hate is on the rise. Problems of all kinds are appearing.

These problems have no solutions. This is why the millions of unemployed workers multiply, and when they seek a solution they seek it at the expense of the Third World. Are they going to suggest to us a prescription that is failing in the countries that championed neoliberalism and are now on the run. The United States has serious unemployment, and other deficits, and economic problems. They cannot find a solution. The new administration tried to increase taxes and found great resistance from the most conservative sectors. They wanted to implement certain changes to benefit education and health, but they are finding it very difficult because neoliberals and conservative pressures are very strong. The problems have no solutions.

In my opinion, neoliberalism has no future and the time will come when all this will be questioned. But time has to pass. Meanwhile we have to participate, struggle for the most just things, the most correct ideas; creating an awareness. It is very important that the peoples become aware and the peoples will become aware in the measure that they see that all these prescriptions do not solve problems.

This is why I think that your support of Cuba... [changes thought] by supporting Cuba you are participating in this struggle of concepts of such importance being waged in Latin America. This is very encouraging for us. I am aware of what you have done, the hours spent on your feet on street corners, hotel entrances, everywhere to just see the cars go by at full speed waving a flag so small that it is difficult to tell who just arrived. Sometimes, it is not even known who is being applauded. This hurts me, the fact that the cars and the motorcycles go by so fast. But I saw you. I saw the flags. I saw the banners. I knew you were there supporting Cuba.

This is a great stimulus to all the comrades, a great stimulus for all of us. This is a great lesson for the visitors so that they perceive the feelings of the people because one might be carried in a closed car from banquet to banquet, and from place to place without seeing the people, and unaware of what is happening, and what the people think. But you were showing what the people feel and think. You were helping not only Cuba, but also Latin America and the other peoples of Latin America because this forces visitors to think.

This is why this morning I mentioned a story that Frei Betto told: That in Sao Paulo, many people had gathered in front of the place where it was going to take place... [changes thought] Do you know what happened to me? I felt embarrassed, I felt sorry because as I go in that bus, and there are people with banners reading Viva Cuba and this and that, there were no signs for anyone else. I told them as a joke: The governor organized this. [laughter] I said: The governor of Sao Paulo has organized this rally here. I of course keep waving at them, and as Frei Betto mentioned, there was not a single banner, or applause for neoliberalism. The masses were there expressing their feelings and ideas. When the people in the streets were asked what they wanted, they said they hoped for living conditions to improve. What do you expect from the summit? Well, maybe something will come from this summit, but these summits are not going to improve living conditions. The results of these summits are in the long term not the short term.

Cuba, as you know, is experiencing great difficulties because once the Socialist Bloc collapsed—it is like having a building on two columns and then one collapses. This is what happened to us when the Socialist Bloc and the USSR collapsed overnight.

They allowed western ideology to infiltrate their ranks, they fell asleep on their laurels, made mistakes. I am not going to analyze the causes. But we are truly aware of what the Socialist Bloc represented for the world. At the very least, it maintained a balance of powers in the world, an equilibrium. It blocked the existence of a unipolar world and U.S. hegemony, the hegemony of U.S. imperialism.

We have heard about imperialism for a long time, but no one even thought that one day there would be a unipolar world under the hegemony of U.S. imperialism. This is the world we are living in today. In this world, it has been our fate to be an independent state only 90 miles from the United States. Not only 90 miles, but inches because

they have a portion of our territory occupied against the will of our people with a military base.

We were left alone in the struggle. I believe the greatest merit of our people, the extraordinary merit of our people, was not getting discouraged, its will to continue the struggle without surrendering, challenging every danger and consequence.

We had 80 percent of our trade with the Socialist Bloc and received fair prices for our products. We were able to buy fuel. In 1960, a ton of sugar bought 8 tons of fuel. Later, came the sugar price boom, but by virtue of our accords with the Soviet Union, if fuel prices rose, so did the price of sugar. Do you know how much we can buy today? One point four-1.5 tons of fuel for 1 ton of sugar. As you can imagine, almost all the sugar we produce goes to buy fuel. We have difficulties in many fields due to the lack of fuel. We have difficulties, power outages, all kinds of things.

Our people are suffering the consequences. Our imports decreased from 8 billion to 2 billion. What other country but a revolutionary socialist country could resist for 24 hours a situation like this in the economic sphere? Could any of those neoliberal governments in Latin America be able to resist? They would not last 12 hours with the problems we have experienced!

This hemisphere is being pillaged. There might be less inflation, but the pillage is greater. In the last 12 years, this hemisphere has lost $700 billion to debt service and uneven exchange. This money has ended up in the hands of the capitalist developed world. This is the present situation. They experience hardships but they are not blockaded. They can trade. We are blockaded. In other words, the socialist bloc collapses and we were left alone to face the blockade. The socialist bloc collapses and the blockade is strengthened. All of this brings great consequences and suffering to our people. Despite it all, we make great efforts not only to survive but to develop.

Now, of course, in the present situation, we are forced to make special efforts in every sense. We even have had to do certain things that if we had had the capital and technology, we would not have done. We have had to open the doors to foreign investments because we do not have any other choice. We do not have any other resources. When the USSR and the Socialist Bloc existed, we had credit, and received technology and equipment. Once we were left alone, not only do we have to fight with heroism, but also with intelligence, and anywhere there is capital, technology, or markets, we are forced to accept it. If we had technology, capital, and markets, we would not accept foreign investments because as I explained to reporters, it is like a farmer who has a cow and gets a partner. The cow produces 10 liters of milk, you have to give your partner half. If you do not have a foreign partner, all 10 liters are for the country. Undoubtedly, capital accrues profits and earnings. We would have preferred socialism without foreign investment, or a minimum at least. The special period situation forces us thus. What is essential for us today is not whether we built a pure socialism, or whether we dreamt it, but to save the fatherland, the Revolution, and the accomplishments of socialism. These are our goals. We have to adapt our efforts and work to attain these goals in the midst of the U.S. blockade. We have to continue the struggle against the blockade because the blockade is the main obstacle to our development.

The blockade goes beyond the ban on trading with Cuba, to pressures the United States exerts worldwide, on every country, every company, and even individuals who want to do business with Cuba. You have no idea of the scope of the blockade or how far it reaches. It includes food staples and medicines. The whole governmental apparatus of the empire is aimed at blockading Cuba, and all the propaganda aimed at the whole socialist bloc is now focused on Cuba. The resources spent on propaganda are now aimed at Cuba, the entire governmental apparatus to blockade Cuba. These are truly difficult conditions.

Our people have strength, courage, and heroism. It is a fighting people, a people with a political and revolutionary culture. I am not going to claim that 100 percent thinks in this manner. Among human beings, there are some who can resist suffering more than others. Some have more awareness than others but the immense majority of our people behaves in an exemplary manner in the fight against the most powerful empire in the world and history. Never before in history has there been an empire as powerful as the United States. Never in the world has there been an empire as powerful as the United States.

This is why it carries great merit for a small country such as Cuba to continue on and face the obstacles and difficulties. I am aware that Cuba represents hope for many people in the world. Cuba has become a symbol, but this forces us, increases our responsibility, since we have the duty to work well, to optimize our efforts, to work with intelligence and heroism so that that hope is not lost, so that that symbol is not lost.

What imperialism would like is to erase the memory of Cuba. Yet, I am convinced that even by erasing the memory of Cuba, sooner or later capitalism will be defeated. So will neoliberalism because memories help, symbols help, but man's awareness, mind, and ideas help more. If one idea were to be destroyed, other ideas will emerge. However, we have the firm hope that our idea will not be destroyed, that the hope Cuba is today will not be destroyed, the symbol Cuba represents will not be destroyed.

When one meets people like you, as noble as you, as generous and selfless as you, one feels its internal strength grow, the spirit of fight grow. We have known for some time that we are not fighting for us alone, and we have demonstrated this in the fulfillment of our

internationalist missions. Our soldiers helped Angola gain its independence, helped create conditions for the independence of Namibia. The blood of our soldiers helped bring about the end of, or the beginning of the end of apartheid in South Africa. The people of Africa know this. This is why they respect and love Cuba. This is why they support Cuba. Dozens upon dozens of countries know that our doctors have gone there to save lives. We have not only saved the lives of hundreds of thousands of our children and comrades.

So many libelous accusations of human right violations are cast against Cuba. No one has done more for mankind than the Cuban Revolution, not only within its borders but throughout the world. This is the reality. Our workers have helped in development, our doctors have helped health. Our soldiers' blood has helped independence. These are the feelings of our people—the idea that we fight not only for us, but also for others.

This is why an afternoon such as this one is unforgettable for us. I could not leave Salvador without greeting you, without hugging you, without expressing on behalf of our people our deepest gratitude, without thanking you for the encouragement you represent.

You are the world. Today, you represent here not only Salvador and Bahia, but also Rio, Sao Paulo, Venezuela, Colombia, Argentina, and every country of this hemisphere. You represent the peoples because you are the noble expression of the feelings of the peoples. You are the expression of the hopes of the peoples for a better world. You represent what is good and noble in mankind. For this nobility, generosity, and goodness within mankind, we fight and will continue to fight until victory or death. Thank you very much. [applause]

Balaguer Opens Sao Paulo Forum; Castro Attends

PA2107201093 Paris AFP in Spanish 1810 GMT 21 Jul 93

[Text] Havana, 21 Jul (AFP)—Jose Ramon Balaguer, a member of the Communist Party of Cuba [PCC] Politburo, announced on 21 July that President Fidel Castro's administration will soon be forced to make decisions that "might entail political, social, and ideological costs" at home.

Balaguer spoke in Havana at the inauguration of the fourth meeting of the Sao Paulo Forum, a broad group of Latin American left-wing political parties and organizations that met for the first time in that Brazilian city in 1990, in Mexico in (1991), and in Managua, Nicaragua in 1992.

Mexican presidential hopeful Cuauhtemoc Cardenas (Democratic Revolutionary Party, PRD) and former Nicaraguan President Daniel Ortega (Sandinist National Liberation Front, FSLN) also spoke at the morning opening meeting.

With Cardenas on his left and Ortega on his right, President Castro watched the inauguration from the main table, which was also occupied by Cuban Foreign Minister Roberto Robaina, [Vice President of the Council of State] Jose Machado Ventura, and Carlos Lage, director of the government's economic team, all three of whom, like Balaguer, are members of the PCC Politburo.

Although Balaguer was not explicit regarding the decisions that will entail "political, social, and ideological costs," reporters attending the event interpreted his words as a reference to an "economic package" of reforms to commercialize the domestic economy which, according to insistent rumors in Havana. the Cuban president might announce on 26 July.

The "economic package," which includes authorizing the dollar as legal tender on the domestic economy, might even allow entrepreneurship, the leasing of land by private farmers, and a broad opening for emigres and exiles to visit Cuba.

Nevertheless, Balaguer urged the leaders of the fragmented Latin American left wing at the meeting "not to abandon our dearest dreams" and to seek alternative solutions" of an anti-imperialist and anticapitalist nature" to deal with the socioeconomic crisis he said exists in the region.

During an extensive and impromptu speech, Ortega read a message from Mu'ammar al-Qadhdhafi in which the Libyan leader said his country and Cuba are "attacked by imperialism" and urged those present to "carry on as the revolutionary struggle continues."

In his speech, the Sandinist leader criticized the U.S. commercial, economic, and financial blockade against Cuba, the UN Security Council's "double standard," and the "blue helmets"' actions in Somalia, where, Cardenas said, "they went to distribute bread and ended up dispensing bullets and bombs against the people."

In a measured and nearly academic speech, Cardenas also criticized Washington's policy on Cuba and said: "This world and its economy are one and the same. All we can do in this world is live. We cannot withdraw from it."

The Mexican politician spoke in favor of "a world order where access to knowledge is the foremost public property." He asserted: "There can be no true enjoyment of political liberties if individuals do not enjoy social rights."

According to Cardenas, it is necessary to create "a great Latin American nation" in a hemisphere where Canada and the United States "need us and we need them."

The Sao Paulo Forum meeting, which will conclude in Havana on 24 July, began at noon behind closed doors. Jose Ignacio de Silva, alias Lula, leader of the Brazilian Workers Party [PT], will reportedly attend the debates on 22 July.

Delegates from 105 leftist parties and organizations in 32 Latin American and Caribbean countries will participate in the meeting. The Cuban delegation is the only one representing a ruling party.

In addition to groups that carry relative electoral weight, such as Lula's PT, Cardenas' PRD, and Ortega's FSLN, the meeting is also being attended by leaders of Salvadoran and Guatemalan guerrilla movements, such as Shafik Handal of El Salvador. Most of the meeting attendees, however, belong to the center left.

In addition, 72 observers from 24 countries in North America, Asia, Africa, and Europe, including former Algerian president Ahmed Ben Bella, are also participating in the meeting.

More on Forum

FL2107203393 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Jul93

[Excerpts] The fourth Sao Paulo Forum opened this morning, with President Fidel Castro and over 100 participants from 32 countries of Latin America and the Caribbean attending. Politburo member Jose Ramon Balaguer is presiding over the delegation of the Communist Party of Cuba [PCC]. He spoke at the opening session. In the name of the PCC, Balaguer invited the forum's delegates to engage in an open, frank dialogue and an honest exchange of ideas. [passage omitted] Our blockaded nation's current situation in the context of today's world was also broached by Balaguer.

[Begin recording] We are not unaware of the fact that new and complex situations are developing within our society, and that some of the measures we have been forced to implement—as well as measures we will be forced to implement in the future—have, and could have, a certain social, political, and ideological cost. However, we are also aware of the fact that we have enough of the necessary reserves and strength to face that challenge, overcome those obstacles in a revolutionary manner, and minimize the costs of some of the policies that, although we hate to do it, we are implementing. As you can well imagine, this requires a capacity for creativity and critique... [rephrases] self-criticism that can stand up to anything. [end recording]

The committee studying new admissions to the Sao Paulo Forum is presently at work. [passage omitted]

Latin American integration became the focal point of the speeches at the opening the Fourth Forum, by delegation heads from Mexico and Nicaragua, the countries that hosted the second and third fora. Cuauhtemoc Cardenas of Mexico's Democratic Revolutionary Party reviewed the economic situation that our America is going through and the positions of many leaders, and said that we have to live in this world and cannot remove ourselves from it. [Cardenas said that] We must combine our capacity to join it with our capacity to protect ourselves from it, but integration has become a necessity. [passage omitted]

Commander of the Revolution Daniel Ortega, secretary general of the Sandinist National Liberation Front of Nicaragua, saluted the fact that this fourth meeting is being held in Cuba. He talked about the region's current situation and the differences between the north and the south. He explained that unity of action is necessary in battle. Leaders, too, speak of integration, and although we cannot deny that a little something has been done, we can indeed say that what has been done is insufficient. [passage omitted]

Commander in Chief Fidel Castro is following proceedings attentively. The meeting, from its very beginning, is linked to the main theme envisioned for this occasion: the evolution of Latin America's economic, political, and social situation.

Commentary on Legal Ownership of Hard Currency

PA2107032293 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Jul 93

[Roberto Morejon commentary]

[Text] Soon it will be legal for the Cuban people to own hard currency, according to statements by important leaders in the country. The decision is necessary given the current needs of the Cuban economy, which was hit severely by the loss of 80 percent of its purchasing power when the socialist bloc was dissolved and as a result of the intensifying of the U.S. blockade. These factors forced the country to reassess its economic plans and define new strategies based on the development of its leading scientific branches and tourism.

An abundance of tourists—over 600,000 are expected this year—necessarily implies the free circulation of convertible currency, to which Cubans have access through different means, including underground ones. Once cannot forget that because of the shortage of products in the country, caused by the previously explained factors, Cuban stores reduced their stock until it was almost exclusively limited to products that are equitably distributed through ration cards. This led to an increase in the amount of circulating national currency which, according to Cuban economist Julio Carranza's estimates, rose to 2 billion pesos in 1990. Experts believe it is now five times that amount.

The informal economy increased as a result of the situation and it cannot be repressed with police measures alone. So the Cuban Government studied the appropriate methods to collect circulating hard currency and national currency while simultaneously offsetting the effects of the black market. Opening stores so that persons with dollars may purchase products and consumer goods will also help the government collect dollars that Cuban emigres have sent their families in Cuba.

The most important thing about these measures is the final destination of the collected sums. They will end up in the state's coffers to be reinvested immediately in

these stores and for the country's social development. In fact, collected convertible currency will help acquire food, medicine, and scarce medical equipment. Under these conditions and since the country's survival and sovereignty must be protected at all costs, Cuba is duty bound to resort to any measure without betraying the most sacred values of the current political plan.

GRANMA Article on U.S.-Cuban Relations Noted

FL2107210593 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Jul 93

[Text] An infinity of factors, of which one is not always aware, affect U.S. policy toward Cuba behind the scenes. This is the phenomenon that journalist Lazaro Barredo analyzes in a background article that appears today in the daily paper GRANMA. The essence of the article is as follows:

According to the writer, since the end of last year, certain power-wielding groups have been frantically operating in Washington to produce still more congestion in relations between Cuba and the United States, and to get the new U.S. Democratic administration to commit to a policy of immobility toward our country.

It is pointed out that this is the case despite the fact that prestigious daily papers such as THE NEW YORK TIMES have, in editorials, asked the Clinton administration for a change of policy toward Cuba, since—and the following is, literally, what the paper says—"Cuba has stopped being a threat to the security of the United States." Ironically, the paper then says that what Cuba has become is a political curiosity.

The author of the GRANMA article says he thinks that perhaps the political curiosity comes from a new national estimate of Cuba that the U.S. intelligence community could be preparing. He thinks such an estimate could have, as its point of departure, the same old erroneous considerations that have induced earlier U.S. Administrations to err: that is, reports plagued by narrow, unrealistic views, and lacking in strategic content. Barredo writes that it is understandable that the new U.S. Administration might need a new intelligence estimate of Cuba; but at the same time, he wonders if the same old story from the past is going to be repeated.

The analysis says: The incomprehensible thing is for those men to think they can find out what the true feelings of almost 11 million people are by taking pleasure rides through the Vedado section [of Havana] or while seemingly on summer vacation on the beaches of East or West Havana

In another part of his article, Barredo recalls the statements made to TIME MAGAZINE last 5 July by former U.S. Secretary of State George Shultz, who, referring to reports by men from U.S. intelligence regarding Cuba, said, textually: "They were very good at estimating the number of tanks and missiles and that type of thing, but they would misinterpret situation after situation in political and economic terms."

Barredo thinks this could explain why, within the U.S. intelligence community, there are people who, because of their past association with the Cold War policy and the CIA's links with the Cuban counterrevolutionaries, can no longer see any other reality. Along that line of thought, the author wonders: How can anyone come up with a thesis as contradictory as affirming that there are very clear, irreversible tendencies within Cuban society, at the same time affirming that the duration of Fidel Castro's time in power cannot be foreseen?

Barredo concludes his analysis by emphasizing that one cannot continue to manipulate reality, and in that connection, he cites a recent protest by TIME MAGAZINE, (?which) affirmed: The U.S. spy agencies have got to take off their Cold War armor and don more innovative and flexible garb.

Ministry of Higher Education To Reduce Admissions

FL2007155393 Havana Radio Rebelde Network in Spanish 1155 GMT 20 July 93

[Text] The Ministry of Higher Education is reaching the end of its school year. This body will today be holding its assessment meeting for the period—a period during which, despite the great economic difficulties we are going through, no student had to quit studying, postgraduate education increased, progress was made in science and technology, and dauntless efforts were made to ensure the minimum essential guarantees.

During this sole assessment day, the following will be analyzed: the main report, based on the Ministry of Higher Education's general objectives as well as those of each center, during the minister's inter-semester tour; the reports made by the rectors upon accounting to the central body; and the results of the partial and general inspections corresponding to the end of the school year.

The parallel decision to begin a rapid reduction in the number of new admissions—which is based, given the current climate, on a real saturation in the training of professionals of different types and the foreseeable contraction in the demand for a labor force with higher-level skills, will also be the subject of discussions and suggestions.

Police Academy Graduates 1,254 Officers

FL2007134693 Havana Radio Progreso Network in Spanish 1100 GMT 20 Jul 93

[Text] One thousand two hundred twenty-five new agents of internal order and 29 personal defense instructors graduated Monday [19 July] from the Pedro Ortiz Cabrera National Revolutionary Police School in Havana. Division General Carlos Fernandez Gondin, member of the Central Committee of the Communist Party of Cuba and Minint [Ministry of Interior] first vice

minister, presided over the graduation ceremony for that second class of young policemen trained at that center. The new policemen will be joining the force within the next few days, so as to guarantee the peace of the citizenry in the capital's municipalities.

In the closing statements Colonel Jose Torres of Internal Order headquarters in Havana said this class is dedicated to saluting the 40th anniversary of the attack on the Moncada Garrison and 35th anniversary of the emergence of the PNR [National Revolutionary Police], and is made up of policemen also willing to fight crime without respite or repose.

Weekly Direct Munich-Havana Flight Inaugurated

FL2007200693 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jul 93

[Text] A direct, weekly flight between Munich, Germany and Havana will be inaugurated today and will considerably increase the number of German visitors who will enjoy vacations in Cuba. The flight will be able to carry 305 vacationers at a time.

One of the places the German tourists will visit is Cayo Largo del Sur, where a tourist store belonging to the Pelicano Hotel has just opened. This is expected to go into operation next month with an initial 144 rooms ready to receive visitors.

Meanwhile, the workers of the Holguin branch of Uneca [Union of Caribbean Construction Enterprises] is progressing toward finishing a new 227-room hotel that will be part of the international tourism hub being developed in Guarda la Vaca.

Correction to Cuba's Ambassador on Brazilian Relations

FL2007024593

The following correction pertains to the item headlined "Cuba's Ambassador on Relations With Brazil," published in the 14 July Latin America DAILY REPORT, pages 5 and 6: Page 6, column one, last paragraph, only sentence, make read: ...Latin America imports $1.2 billion of items yearly... (correcting number)

Haiti

Theodore, Benoit 'Available' for Post of Prime Minister

FL2007170793 Port-au-Prince Signal FM Radio in French 1030 GMT 20 Jul 93

[Text] In the next few days, President Aristide will have to appoint a new prime minister who will be ratified without hindrances by the parliament. National Reconstruction Movement leader Rene Theodore says he is available but not waging any fight to gain the post. Victor Benoit, leader of the National Congress of Democratic Movements, is also available. Benoit asserts that in the event that President Aristide chooses him [as prime minister], he would form an overture government. Robert Malval and Gerard Latortue are still occupying a place in public opinion. The lavalas partisans allegedly support Malval whereas the sectors close to the international and business community allegedly lean toward Gerard Latortue, UN diplomat in Vienna.

Warren Christopher, U.S. secretary of state, invited President Aristide on 19 July to appoint the new prime minister as soon as possible. Dante Caputo said on 17 July that the agreement signed in New York by representatives of the main political parties constitutes a very positive step toward the restoration of constitutional order in Haiti. He was received by U.S. Secretary of State Warren Christopher.

Evans Paul Calls on Legislators to Return to Parliament

FL2107163593 Port-au-Prince Signal FM Radio in French 1030 GMT 21 Jul 93

[Report on news conference by National Front for Change and Democracy, FNCD, spokesman Evans Paul and former FNCD Senator Wesner Emmanuel by an unidentified reporter at the Christopher Hotel in Port-au-Prince on 20 July; passages in italics in Creole—recorded]

[Excerpts] [Reporter] During the afternoon of 20 July, Port-au-Prince Mayor-elect Evans Paul, who is the National Front for Change and Democracy [FNCD] spokesman called for the return of the National Front for Change and Democracy Parliamentary Bloc [BP-FNCD] to the Haitian parliament. During a news conference, Paul warned those who are trying to violate the New York Pact signed on 16 July by representatives of the political parties represented at the Parliament.

[Paul] *Democracy is going to resume at the parliament. I take the opportunity to call on all FNCD parliamentarians to return to their seats in the parliament. I take the opportunity to ask all other legitimate parliamentarians in the opposing camp not to start making maneuvers for any mock elections while the FNCD parliamentarians are not yet there because president of the legitimate Senate Firmin Jean-Louis and Chamber of Deputies President Alexandre Medard are now in consultation with President Aristide in Washington. Senator Turneb Delpe is also in consultation with President Aristide. Many of our parliamentarians, who were in the delegation, are still abroad.*

I have heard that the Alliance [for Parliamentary Cohesion] members are going to hold elections. If they hold elections today or tomorrow, this means they want to renew the crisis within the parliament. They must wait for everyone to be present before elections can be held. We will then respect the rules of the game. The one who is elected will be acknowledged as the only president in each chamber. This is what will allow for a resolution of the crisis because the country cannot remain in this situation.

[Reporter] The New York Pact makes provision in its Article 5 for the executive power to enjoy certain prerogatives, notably the revision of the various decrees and decisions adopted from 30 September 1991 to 3 July 1993, which are supposedly not in compliance with the 1987 Constitution. The Port-au-Prince mayor-elect, who is also FNCD spokesman, thinks that it is necessary to cancel the 18 January elections so the parliament can return to normal. Paul stated that the return—no matter in what guise—of those parliamentarians stemming from the controversial 18 January elections is out of the question. [passage omitted]

For his part, Wesner Emmanuel asserted that the BP-FNCD will participate in the various meetings that will take place at the parliament for its normalization. Emmanuel explained that from now on, their parliamentarians are going to begin concrete discussions with the parliamentarians of the other blocs. He advised that the Senate will work with 17 parliamentarians, which will reduce the quorum to nine.

Deputies Vote on New Office in Lower Chamber

FL2107220893 Port-au-Prince Radio Metropole in French 1045 GMT 21 Jul 93

[Text] The assembly of deputies is due to meet today at 1300 GMT to elect the members of a new office to head the lower chamber. Since resignation of the office headed by Antoine Joseph, the way has been open for normalization in the Chamber of Deputies, which will see the return of legislators from the National Front for Change and Democracy, FNCD, bloc, who had chosen to keep away from the sessions.

The senators should follow the deputies' example by forming a new office with the temporary withdrawal of the nine senators from the contested 18 January elections. The Senate now counts 17 members, including nine from the pro-Aristide constitutionalist bloc.

Correction—Further on Parliamentary Delegation

FL1407200493

The following correction pertains to the item headlined "Further on Parliamentary Delegation for New York Meeting," published in the 15 July Latin America DAILY REPORT, pages 14-16: Column one, first paragraph, first sentence, make read: ...Christian Democrat Group [Groupe Democratic Chretien] which is a... (providing proper expansion).

Same column, same paragraph, fourth sentence, make read: ...Union for National Reconciliation, neomacoute political party... (correcting word)

Costa Rica

Costa Rican President Hails New Finance Minister's Appointment

PA2207033093 San Jose Radio Reloj in Spanish 0100 GMT 22 Jul 93

[Text] Carlos Munoz has been sworn in as the new finance minister. He replaces Rodolfo Mendez Mata, who presented his resignation to President Rafael Angel Calderon Fournier on 20 July. During the swearing in, President Calderon noted that Munoz has been deputy finance minister for six years, but during that time he has been acting finance minister for at least one year because the minister was abroad constantly to participate in negotiations with international financial organizations. Calderon Fournier said he was pleased with the appointment because it guarantees the continuation of the programs and actions to maintain sound public finances.

El Salvador

Deputy Says U.S. Troops Arriving for 'Political Purposes'

PA2107194193 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 21 Jul 93

[Text] A contingent of U.S. soldiers will arrive in El Salvador next month, reportedly to participate in social projects According to an official note sent to the Legislative Assembly, the U.S. troops will reportedly dig wells to supply water to rural communities in various parts of the country.

Deputy Mario Aguinada Carranza and other legislative sources said the Salvadoran Foreign Ministry presented a letter to the Legislative Assembly on 20 July requesting approval for the military contingent's arrival. According to the opposition deputy, the U.S. soldiers presence is for political purposes rather than to render a service.

Aguinada Carranza said the U.S. soldiers cannot possibly come to dig wells in the middle of the rainy season because the work is done in the dry season. In addition, there are not enough technical reasons for the troops' permanent presence in El Salvador, the deputy added.

Mario Aguinada said a notification has been sent to the Health Ministry to declare a state of emergency due to a possible increase in AIDS cases. The warning has been issued in light of the fact that U.S. troops left behind a series of AIDS cases when they were stationed in Honduras.

Guatemala

De Leon Holds News Conference on Ibero-American Summit

PA2107150293 Guatemala City Teleonce Television in Spanish 0400 GMT 19 Jul 93

[News conference by President Ramiro De Leon Carpio with unidentified reporters at the La Aurora International Airport in Guatemala City on 18 July upon returning from the Third Ibero-American Summit in Salvador de Bahia, Brazil—recorded]

[Text] First I would like to tell you that even though I am a bit tired not only from the trip but from the work, I am very satisfied. I am satisfied at having represented such a dignified people as the Guatemalans and at having achieved goals, not only in general terms of the results of the Third Ibero-American Summit of presidents and heads of state, but achievements for Guatemala specifically. I would like to summarize those achievements before answering your questions.

First, we are pleased that in terms of general achievements in development, especially social development, there were demonstrations of solidarity, in accordance with the agreements reached at this summit, regarding activities to fight poverty. That was the most specific demonstration of solidarity, and it is satisfying to my administration to know that it coincides perfectly with the main issue of our government program: the struggle against poverty.

I think the solidarity among brotherly countries was enhanced at the meeting. As I said in my speech, strength lies in unity, but our future lies in solidarity. We need more actions than speeches to utilize that solidarity.

It was said that Ibero-America—and I confirmed it in my speech—has been called the continent of hope. But I think it must now be the continent of reality. Based on or as a consequence of our solidarity, we made specific commitments to the following programs: First, the struggle against poverty has top priority so we can help each other overcome problems created by that which we lack; in other words, underdevelopment.

Through specific actions of solidarity, we will defend ourselves from common enemies such as drug trafficking and drug-related violence and other activities.

We also agreed to undertake specific actions to save the environment. I referred to Peten Department as a natural lung of humanity that must be preserved. I clearly said that Guatemala cannot preserve such resources alone and requested aid, particularly from Mexico. I met with the Mexican president for several hours, held a lunch meeting, and reached bilateral agreements. The environment was one of the topics we discussed.

We approved measures to halt the spread of AIDS through joint scientific investigations and exchange of experiences gathered in preventive and curative actions.

As for the economic blocs, we agreed to create and consolidate the corresponding economic blocs to present a common front.

We also established a technical and financial cooperation commitment specifically to fight poverty, as I said before, and to attain economic and social development for the people through the implementation of programs for health, literacy, education, culture, science, technology, preventive and rehabilitative child care, and state reforms to make it more effective. The education minister prepared a proposal on literacy that I presented to UNESCO. The proposal is for short- and middle-term literacy programs to reach one million illiterates through UNESCO support. Approximately 300,000 persons per year will be taught to read and write, and over 200,000 in the remainder of this year. The goal is to reach one million persons; that is to say, 20 percent. We would reach 20 percent of the illiterates in Guatemala each year.

On protectionist barriers, we agreed to continue with the general achievements. We do not want any gifts, but we agreed to request firmly that the rich, developed countries simply eliminate protectionist barriers on our exports and allow us to exercise the right to opportunity and free competition.

As for the stabilization of coffee prices, the coffee-producing countries—Brazil, Colombia, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Ecuador—signed the Bahia Declaration establishing a control mechanism to regulate and stabilize coffee prices. Based on that declaration, we also laid the foundations for the International Coffee Association [Asociacion Internacional del Cafe] to turn the control mechanism into something permanent. All of this will allow greater negotiating leverage to the participating countries and the possibility of exercising greater control over coffee prices. To conclude, aside from the general achievements to which I referred earlier—and this is the most important thing for Guatemalans—the results and achievements for Guatemala are satisfactory. We received absolute support for the democratization process, restoration of constitutional order, and the efforts of the Guatemalan Government and people. There is a paragraph on Guatemala in the text of the declaration. Everyone must be aware of that because the media reported that Guatemala had not been mentioned. Paragraph 24, Letter A, refers to this country. It reads: We voice our total support for the restoration of constitutional order in Guatemala after the rupture of constitutional and democratic institutions on 25 May and congratulate each other for the effort the people and government and are making to consolidate democracy in their country and strengthen the rule of law.

We also received total support for the peace proposal the president and government recently announced to the people, all sectors of Guatemalan society, and the international community. To be honest, we believe the proposal has been fully understood abroad, not just by the countries in the international community but also by international organizations. They have given their absolute support for the peace proposal. On 18 July, Mexican President Carlos Salinas de Gortari expressed through the Foreign Secretariat his support for the proposal. You know how significant and important that is, in addition to the support of the other countries of the international community and international organizations.

Regarding talks with the Inter-American Development Bank [IDB], we were able to set up a financing package for a considerable amount. We received IDB backing for 1993, meaning immediate resources, and for 1994. That is an endorsement of the consolidation of democracy and the economic and social modernization in Guatemala. It involves health, housing, education, and highway repairs. We will also receive complementary financing to support the current government's efforts to fight poverty through the FIS [expansion unknown). That is the chief topic agreed upon during the summit and the core of the program of the government I am honored to head.

[Reporter] [Question indistinct]?

[De Leon] Approximately 400 million of which...

[Reporter, interrupting] [Question indistinct]?

[De Leon] Dollars. Fortunately, we may get 25 percent; that is, $75, $100, or $150 million this year. The rest will come the following year. As for bilateral talks with presidents and heads of state, we reviewed bilateral cooperation relations with several friendly countries, thus creating the possibility of increasing aid in political, economic, financial, and technical terms. Among those countries we can mention Mexico, Colombia, Chile, Spain, and Portugal. Although I did not mention the rest, I held meetings with basically all of them. We will continue those sort of bilateral relations to strengthen cooperation. We also held talks with international organizations such as the IDB, the Economic Commission for Latin American, the United Nations, and the OAS, which was a great expression of support for my administration's peace process and for the Guatemalan Government and people in general for restoring constitutional order.

In sum, I sincerely believe it was worth the effort to send this delegation. It was small, but it has proven that it not necessary to send an excessively large committee. It would have been very useful to have technical support, but we were successful. We reached several goals that are important for Guatemala. I repeat, we managed to get results from all the countries with which we met. I think Guatemala would have wasted an excellent opportunity if it had not attended.

[Report] Mr. President, did you attend the Latin American Parliament [Parlatino] activities in Sao Paulo.

[De Leon] No, I did not. That event was on 17 July. The Brazilian president invited us to go, and several chiefs of state did go. However, I had only asked the Congress for permission to attend the Third Ibero-American Summit. Although I would have had enough time, I decided to stand by my request and respect Congress' permission.

[Reporter] Mr. President, I would like to ask about the peace proposal. The guerrillas held a news conference in Mexico City while you were in Brazil, and they objected to several points of your proposal. They object to the United Nations serving as a negotiator for a cease-fire. They say the Church mediator should be the negotiator and that the United Nations should attend as an observer. They also disagree with splitting the peace proposal in two. What is your opinion?

[De Leon] I have seen the proposal but must study it. We will have to analyze it carefully. Because I presented this proposal to all sectors of the Guatemalan society, this comes as the opinion, the answer, from one of those sectors. I understand that a representative of the Coordinating Committee for Agriculture, Commercial, Financial and Industrial Associations [CACIF] has also responded regarding the possible unconstitutionality of the proposal. There has been some positive reaction from the press by several editors and columnists, and there have been some questions and doubts. I think that all the doubts and statements expressed by the various sectors to which we presented the proposal will be studied. Please remember that we presented it as we did for that very reason. Perhaps later this week we will be able to make some sort of statement about what we think about the Guatemalan National Revolutionary Unity's [URNG] response.

It must be clearly understood locally, but even more important internationally, that the government's political will is to attain peace. When I speak of the government's political will I also mean the Army's political will as a part of the government. We are just now opening the door to peace, and we will study some of these doubts. What puzzles us....[pauses] The Guatemalan people can rest assured that the government, and the Army as part of that government, has a clear and determined political willingness to sign a peace agreement. There can be no doubt at this time about the political will. Now, the proposal may need to be adjusted in response to certain circumstances; that is true. However, to say that everything that has been done up to now has gone down the drain and that we know nothing about the procedures is to push things out of context and out of reality. We have clearly said that we will take those things into account. Our latest proposal to the URNG speaks about reconsidering previous agreements and the progress already made. We think we know...[pauses] we are sure we know about the whole process. We are sure we have assessed what has already been done and given due credit to the work by the National Reconciliation Commission and of Conciliator Monsignor Rodolfo Quezada Toruno. I therefore think we will discuss the issues and address them publicly at the proper time. Incidentally, we think these are worthless arguments because we have clearly said that we cannot ignore or go back on everything that has already been done or achieved, but circumstances are different now. The fact that the international community fully and absolutely supports the proposal is proof. However, we will analyze each one of these doubts, questions, and the characteristics surrounding them.

[Reporter] Why do you [word indistinct] say that these arguments are worthless?

[De Leon] Because we already said so. We have acknowledged that there are previous agreements, that we know about all these agreements, and that we know about the steps that have been taken in the peace process. We have also stated that we will take all those things viewed as valuable and positive into account.

We have said we would do that. But now some people are saying that we are not taking the conciliator into account. Of course we are taking the conciliator into account. The president of the republic did not dissolve the National Reconciliation Commission; its own members did. We have always valued the importance of the conciliator's work. I prefer to discuss in due time the position of the URNG and other groups, such as the representative of Coordinating Committee of Farming, Commercial, Industrial, and Financial Associations, on the possibility that this might be unconstitutional.

[Reporter] [Words indistinct]

[De Leon] I spoke at length with the OAS secretary general. They are willing to support and participate in the peace plan proposal. As for the United Nations, Secretary General Butrus Butrus-Ghali apologized for not being present, explaining that this was due to beyond his control. I could not meet him face-to-face. But we do have their unofficial support. They only await our official request in writing to begin work on this proposed peace plan. In other words, this peace plan proposal was fully supported by the international community and international organizations.

[Reporter] [Words indistinct] refusal to negotiate peace?

[De Leon] I do not know. I would like to think that the answer is no. I think, however, the international community is aware of the Guatemalan Government's political willingness. I think Guatemalans also realize this because the most frequent request of the past few months was direct participation by all segments of Guatemalan society in the discussion of problems affecting Guatemalans.

It seems that certain criticisms have recently been made merely because people are now able to criticize. But I hope this is not the real reason. I want them to understand, reflect, and take into account the fact that circumstances are not only different, they in fact favor the

signing of a peace agreement. The government hopes not only to achieve an end to the shooting but also an economic and social peace. This is why we proposed the creation of a permanent forum on Guatemalan territory.

[Reporter] [Words indistinct]

[De Leon] We already have resources for the 180 days. That is, the 417 projects will be carried out. They do not depend on those resources. Those resources are additional to those needed for the 180-day program. The document is ready. I understand the ministers have held news conferences to explain their work or work related to their ministries. This is part of an already approved 180-day plan that includes 417 projects. We have about 1 billion quetzals. The additional resources would strengthen this program and help us to prepare to rule in 1994-1995.

[Reporter] What are the conditions for this financing?

[De leon] They are very special and favorable conditions. They involve soft loans. Some of them have extraordinary conditions such as the last one I mentioned: The resources that will be channeled to the stabilization fund—rather, to the Social Investment Fund of the [word indistinct]. They involve very long maturity dates and very low interests. They involve very soft loans.

[Reporter] [Words indistinct]

[De Leon] As for the collection of funds for our immediate and medium term payments, we spoke with several countries, especially Mexico, about $100 million Guatemalan treasury bonds. This was well-received in Mexico. We are about to conclude the negotiations, but in principle President Carlos Salinas de Gortari has been very receptive to the purchase of these types of bonds. We are going to be reviewing this later on, but we have already discussed this in principle with the presidents of several countries. It was only mentioned to the presidents so they could talk to their respective Central Banks about the bonds.

[Reporter] Going back to the topic of [word indistinct], could the central government adjust its proposal in view of the request made by the URNG?

[De Leon] That should be studied very carefully. We also have to study the reactions of other sectors. We must remember—and I reiterate—that this proposal was announced to the Guatemalan people and society. Logically the URNG is one of the parties that should be involved in efforts to end internal armed conflict. We will have to carefully review it and make a statement later. The observations just announced are primary observations made on the document just presented, but they have not been reviewed in depth.

[Reporter] [Words indistinct]

[De Leon] I talked to him before he left the country, but I have been unable to speak to him since his....

[Reporter, interrupting] [Words indistinct] to talk to the guerrillas about this or not?

[De Leon] He told me he had the opportunity to travel and was in fact authorized by the president of the republic to present to one of the sides, in this case the URNG, the proposal that has been made. Even though the proposal has not been officially submitted in writing to the international organizations, it has already been made known to all sectors.

[Reporter] The guerrillas insist that Monsignor Rodolfo Quesada Toruno should be a negotiator, not a mediator. Is this possible?

[De Leon] I do not know at this time. We will have to review the series of observations they are making.

Human Rights Group Reports Executions, Abuses

PA2107171093 Guatemala City EL GRAFICO in Spanish 20 Jul 93 p 4

[Text] A total of 136 illegal executions of Guatemalans were carried out during the first six months of the current year in the national territory. Thus was confirmed by the Center for Human Rights Investigation, Study, and Promotion, (Cieprodh), in a communique sent to EL GRAFICO.

The document points out that among the victims, 19 were subjected to torture, cruel, and inhumane treatment, according to the assessment of the bodies in diverse parts of the country.

Cieprodh indicates that during this time 366 violations were committed against the right to life, liberty, and safety; against freedom of thought, speech, investigation, information and its dissemination; and against the freedom of association, organization, and demonstration.

Cieprodh adds that during the first half of 1993, 67 death threats were made by state agents aimed at intimidating Guatemalans and organized groups.

According to the Cieprodh, during this time, the greatest amount of violations took place in April, when 88 were registered; a decreased was seen in May with 64 cases, and a further decrease in June with 47 violations registered.

The report of the human rights institution adds a list of the type of violations committed in the first half of 1993 that include, physical violations against women, death threats and intimidations (these prompted five requests for political asylum), unexplained missing persons and deaths.

Cieprodh drew up its statistics based on the information published in various Guatemalan media, using as a base a total of 366 processed cases.

Nicaragua

'Rearmed Sandinists' Occupy Esteli; Violence in Ocotol

PA2107234593 Managua Radio Corporacion in Spanish 2200 GMT 21 Jul 93

[Excerpts] This is a last minute report: Rearmed groups have taken over Esteli, but the armed action is not restricted to that city. Violence is also being reported in Ocotal. Radio Corporacion and its "Five O'clock Sharp" newscast have contacted amateur radio operators in Esteli, who report that rearmed Sandinists have released inmates from the Esteli prison and given them weapons. Armed clashes have been reported in various parts of Esteli [15- second break in reception]. This radio station has learned that the city of Esteli is without any telephone service at this time. [passage omitted]

One amateur radio operator told us that the rearmed Sandinists of the self-styled Peasant-Worker Revolutionary Front [Frente Revolucionario Obrero-Campesino—FROC] entered La Chacara Prison, where they released several hundred criminals and gave them weapons.

Another report says that approximately 800 Sandinist People's Army [EPS] troops are now boarding more than 12 Mi-17 and Mi-18 helicopters at Sandino Airport. They will be flown to Esteli, Condega, and other cities.

Another report says attacks have taken place in Ocotal, and it has been confirmed that the rearmed Sandinists have attacked and taken over Condega. Helicopters are flying over the city.

EPS troops are also mobilizing from Leon and heading to La Chacara, El Sauce, and Esteli. Some 120 men belonging to Sandinist commando groups have been spotted at the San Isidro-La Trinidad junction. [passage omitted]

It is believed that Jalapa and La Trinidad are also under attack. Three privately owned vehicles were burned at La Trinidad, which is very close to Esteli.

The EPS has declared a state of maximum alert in view of the simultaneous attacks by rearmed groups that on 21 July began to attack the City of Esteli. The FROC is a pro-Sandinist group led by Pedrito El Hondureno, who led the attack starting at 1400 [1900 GMT] on 21 July and took over Esteli. The rearmed group arrived in Army trucks and in [word indistinct] trucks owned by the Army. They also used some civilian vehicles [eight-second break in reception]

The local headquarters of the Sandinist National Liberation Front at Esteli was attacked by gunfire. Several destroyed vehicles are littering the streets in Esteli, where some citizens were initially captured and later released. Some are still being held by the individuals who staged this military attack against Esteli. [passage omitted]

Amateur radio operators report there is no water or electricity in Esteli, where the police and the EPS are on the streets to counter the approximately 150 rebels. The rearmed Sandinists are carrying AK-47 rifles. The EPS has reportedly begun a massive operation to repel the attack, and is reportedly using RPG-7's and AK-47 rifles.

Esteli Police Commander Luis Enrique Rodriguez is missing. A bloody clash took place at his home, where one of his bodyguards was wounded. One rebel was killed in combat. [passage omitted] Some say Rodriguez was kidnapped and taken by the rebels, but others say he may be dead. Some believe he is probably leading the counterinsurgency operations. [passage omitted]

It appears the rearmed Sandinists began their uprising because the government has not kept its promises.

Acting Minister Speaks

PA2207041293 Managua Radio Nicaragua Network in Spanish 0100 GMT 22 Jul 93

[News conference by Acting Government Minister Joaquin Lovo with unidentified moderator and correspondents at the Presidency's Press and Information Directorate, in Managua—live]

[Excerpts] [Lovo] We want to announce officially that Esteli city was the target of a criminal attack at approximately 1330 [1830 GMT] on 21 July, directed mainly against the banking area and the two small police units in Esteli. This criminal group, led by Victor Manuel Gallego Hernandez—also known as Pedrito El Hondureno—was repelled, leaving two members of that force dead. We want to point out that this group of rearmed individuals staged this criminal attack in an effort to rob banks, using as a strategy the hesitation that they had maintained between disarming themselves and joining the peace process through the [words indistinct] and choosing the path of crime, which is what they have done now.

We want to establish firmly and clearly that negotiations with this group are impossible and that the police and the Army are jointly carrying out a plan to reestablish order in Esteli. We also want to stress that this group is also responsible for the assault on the Bank of Somoto and other crimes. It is very important to point out that this group is attacking financial institutions.

The police have coordinated operations with the Army in Esteli and its outskirts in an attempt to restore the order citizens require. Esteli residents clearly do not support this group. We should not be confused by symbols or colors used by these individuals because they have nothing to do with civic organizations or parties that are recognized in Nicaragua for their revolutionary nature. This group is strictly criminal and is making demands. Army and police plans for this group have been amply announced.

I want to emphasize that the chief of [words indistinct] last week we had direct contact with Pedrito El Hondureno, who proposed disarmament. He has spoken like a madman and has taken advantage of the goodwill the government always shows to disarm peacefully and orderly. Esteli has been the victim of a shrewd and criminal attack, in which several people died.

Pedrito used a force of approximately 90-100 men in Esteli, some of whom remain in the street where the banks are located and in El Rosario neighborhood. We feel absolutely sure that there will not be any military operations inside the city of Esteli and that with the pressure that is being exerted, full order will be reestablished within the next few hours in that important Nicaraguan city.

You may now ask any questions you deem necessary.

[Moderator] Mario Zelaya, of "Eko Informativo," now has the floor. Next question will be by Ray Calero, of Radio La Primerisima.

[Correspondent] How many dead are there in Esteli? Is there any information on the relation between the events in Esteli and other actions that have been announced regarding other regions, such as Jinotega and Juigalpa? It has even been said that retirees from the Government Ministry, who have not received any answers from the government, are preparing to carry out occupations. There are also reports that there is military activity in El Ayote, that groups in Managua are preparing in case the government does not fulfill its commitment. Could you explain?

[Lovo] [Words indistinct] one dead and one injured are reported in Esteli. Regarding other activities in the country, there was an exchange of gunfire with the police in Condega. We are unaware of any plans being carried out in any other area. We understand that Santo Tomas, Chontales, and [word indistinct] have been mentioned. That is totally false. There is no such plan. We think it is quite dangerous to link the fulfillment of agreements with a situation that endangers the security of all Nicaraguans. We want to emphasize and call on the media to be very serious in how they report these events. We know that calls are being made to confuse the people. One must know how to select information so as not to bring more uncertainty to citizens after the uncertainty these groups have created in Esteli.

It is important to note that these groups are not among those to whom the Nicaraguan Government has commitments. These criminal bands have committed a number of crimes, and we will act against them as such.

[Moderator] Now we have Ray Calero, from La Primerisima. Carlos Santurana, from Radio Corporacion, will be next.

[Correspondent] We just learned of a proposal by several religious leaders, including Reverend Miguel Angel Castro, others from [words indistinct] and the presidency of the Nicaraguan Human Rights Center regarding their intervention as mediators to hear the demands of the rearmed rebels, report to the government and see what kind of agreement can be reached, so as to prevent bloodshed in Esteli. Has there been any communication with these religious leaders or with the human rights organization?

[Lovo] We have had no direct communication with the leaders of the evangelic church or with the Nicaraguan Human Rights Center. I repeat that there is no possibility for negotiations with these groups. These gangsters wanted to rob banks. They held up [words indistinct] and even attacked the home of Police Commander Rodriguez, who is currently directing the operations in Esteli. Since he managed to regroup his people and coordinate with the Army, he has been doing his duty there. We believe that the operations will be carried out in such a way that will prevent bloodshed at all cost in Esteli. However, we cannot sit down at a negotiating table with criminals who have taken a city by assault with the only objective, the only purpose of holding up a bank.

[Correspondent] [Words indistinct] here, at the Presidential Palace, where we are covering this dialogue (?toward) Esteli, and we have learned that the caravan has been [words indistinct]. What do you know about the kidnapping situation of Noel Rivas Gasteasoro, who is the Nicaraguan ambassador to Honduras? We also want to know why special security measures have been taken in Managua.

[Lovo] A group of reporters was reportedly attacked, but none of them were hurt. These honorable journalists were going to Esteli to prepare a report on the situation.

As for our ambassador to Honduras, some Nicaraguans were actually held. They are not kidnapped. Some of them have resumed their trip, but we cannot determine at this time if the ambassador is among those who have resumed their trip to the north.

Naturally, security measures will be tightened not only in Managua but also nationwide because we are not [words indistinct] or any conversations because we have already been the victims of this deceit by Pedrito El Hondureno. [passage omitted]

[Moderator] David Gutierrez, from Radio Ya, will ask the next question.

[Correspondent] You said a few moments ago that there would be no clashes in Esteli. What will the government do to guarantee that armed clashes will not take place? Who is Pedrito El Hondureno? Tell us about the man you have discussed so much.

[Lovo] [Words indistinct] Pedro El Hondureno is, as everyone knows, a former soldier who served in the Sandinist People's Army [EPS] and who is now up in arms. He is a criminal. What was the other question?

[Correspondent] [Words indistinct]

[Lovo] We have been meeting with Frank Cesar Reyes, deputy government minister for citizen safety; National Police Commander Fernando Caldera; and General Humberto Ortega, who with the EPS staff and the police staff have devised a police and military plan to attain those results I have announced. This plan, a military plan, cannot be disclosed here for obvious reasons, but the results will be known soon. [passage omitted]

I would like to go deeper into the facts. The affair seems to be an isolated socioeconomic problem. This is not strictly a socioeconomic problem. This is also a problem, in general, of a political, legal, and moral nature. [Words indistinct] that someone takes up arms due to lack of fulfillment and [words indistinct] thus tearing down all real possibilities of fulfilling their demands. It is very important that we take this into consideration.

I say this is also a legal problem, because it is not just a matter of granting amnesty to those who are really fulfilling or accepting the guidelines and generosity of the government. It is also a matter of capturing and trying those who refuse to do so.

I say it is also a political problem because some of these demands coincide with demands made by national personalities, but they are not demanded within the guidelines and opportunities that are appropriate. They must join the persons who make demands within civic guidelines in Nicaragua, because the opportunities are totally open.

It is also very important to understand that the problem has a moral nature. There is a lack of permanent moral values. We must reinsert those permanent moral values. That task involves all of us—teachers, clergymen, media, and reporters. We must understand that the history of confrontation in some parts of Nicaragua has obscured the difference between right and wrong. [Words indistinct] clearly state what is right and what is wrong and state it firmly.

The government cannot be blamed for not allotting thousands of cordobas in loans to solve a socioeconomic problem. That would only strengthen the possibility for robberies and kidnappings.

The problem is complex. The problem has many faces, and all of them are being given attention. We are preparing socioeconomic plans that will be implemented in those territories in due time.

In the past disarmament campaign, the rearmed men were brought down from the tree, but the tree was not cut. To cut the tree would mean the implementation of social programs, economic programs. To cut down the tree would be to stop impunity and to try the criminals that are captured. To cut down the tree would mean that we all clearly understand that it is not just the government at risk but also the tranquillity of all Nicaraguan citizens and that we must reinsert the permanent values in these people and that we can all contribute from each of our positions. That would be cutting down the tree, not just coming here and saying it is a socioeconomic problem. What about the rest of the faces of this problem? The government has the duty to confront them, and that is why it requests your support.

We are not just facing the problem of Pedrito El Hondureno, a bank robbery with terrible consequences for Esteli. We must look at all the other armed groups there and the other gangs, the criminal gangs that are not even enlisted in his gang and that cannot reach the security areas and calmly disarm with the other groups. There are 55 criminal gangs in existence in Region 1, Region 6, and Region 5.

This topic has several angles, and I feel the media can contribute positively. This is not a matter of playing along with the government. It is a matter of seeing things with objectivity, patriotism, and realism. The interests of all Nicaraguans are at stake here. [passage omitted]

Journalist Raul Oviedo, of Radio Nicaragua. We must clarify that some journalists have asked to repeat their questions, but we are not sure if Professor Lovo will have time. We will continue with Raul Oviedo.

[Correspondent] Please clarify if this group used as a tactic its offer to demobilize based on talks it held with the [words indistinct]. On another subject, there have been reports in the media that approximately 800 soldiers have been deployed and are ready for action in Esteli and other areas in Region 1. Other media are posing doubts on whether the government has the full support of the Army and police to control the situation.

[Lovo] I must answer your last question first. We are absolutely sure we have the support, willingness, and determination of the Army and the police to counter this and any other group that should act under the same circumstances. We do not know of any other significant groups operating near Esteli. As I said, there was a small clash, an exchange of fire with police near Condega. [passage omitted]

[Moderator] Filadelfo Martinez, of ACAN-EFE.

[Correspondent] How many men are in the irregular forces headed by Pedrito El Hondureno, not just his men in Esteli? What is the level of destruction in the city? Is Pedrito El Hondureno holding any hostages, which could hinder the military plan?

[Lovo] He has approximately 150 men. I repeat: 150. We do not have any information about any hostages. So far, you must realize this, the plan is based on an objective reality. When we say that the plan offers Pedro El Hondureno the opportunity to prevent bloodshed in Esteli, it is true. It is a plan for which the Army is prepared and which will be carried out jointly by the Army and the police. [passage omitted]

Ambassador to Honduras Kidnapped

PA2107235093 Mexico City NOTIMEX in Spanish 2300 GMT 21 Jul 93

[Text] Tegucigalpa, 21 Jul (NOTIMEX)—An official source in Tegucigalpa reported that a group of masked individuals kidnapped Nicaraguan Ambassador to Honduras Noel Rivas at noon as he was returning from Managua to Tegucigalpa.

Ines de Zablah, Nicaraguan charge d'affaires in Tegucigalpa, told NOTIMEX that the ambassador was detained by unidentified individuals on Nicaraguan territory near the Honduran border.

The 72-year-old ambassador was detained with his wife, Olga Maria Teran, and his driver, Daniel Delgado.

The charge d'affaires did not specify the location of the kidnapping but she reiterated that the information is official.

The diplomat's kidnapping coincided with an attack by a group of former Sandinist soldiers against the City of Esteli, located on the highway from Managua to the Honduran border.

The rebels have the Esteli police station under siege and control strategic sites around the city. The Sandinist People's Army (EPS) has sent in reinforcements aboard helicopters.

Army Reinforcements Deploy

PA2107234693 Managua Radio Corporacion in Spanish 2200 GMT 21 Jul 93

[Text] We have established contact with the City of Esteli, where we are told that Nicaraguan Air Force planes and helicopters are arriving with small special units. These units are formed by special Army troops. We asked our source to estimate the number of troops arriving in Esteli aboard helicopters and trucks. He said they number approximately 900. This would mean that the Army is going to begin strong and decisive operations to recover control of the city, where chaos reigns after prisoners, some guilty of brutal murders, were freed. There has also been looting, shooting, and acts of personal revenge. In short, chaos reigns in a city that has been seized by occupation forces, in this case, the Peasant-Worker Revolutionary Front, led by the former Army major known as Pedrito El Hondureno.

Reports from the northern region indicate that there is great tension in Matagalpa. Helicopters are flying over Matagalpa and to the Sebaco area with reinforcements coming down from various locations in the north. Approximately 1,200 soldiers and policemen are operating in the area of Matagalpa and Sebaco to try to completely surround the rearmed individuals who have seized the City of Esteli, where dead and wounded have been reported.

Recontras Threaten in Chontales

PA2207004993 Managua Radio Sandino in Spanish 2352 GMT 21 Jul 93

[Report by Sergio Miranda from Region 5]

[Text] We have a report from El Ayote, Santo Domingo, Chontales. While members of the Peasant-Worker Revolutionary Front, headed by Pedrito El Hondureno, are involved in activities in Esteli, a group of recontras is trying to do the same thing in Chontales.

In Santo Domingo, Chontales, armed recontras occupied the highway joining Santo Domingo, La Libertad, and San Pedro with Juigalpa. They also occupied the highway leading to Santo Tomas, Chontales. Armed groups are threatening violence on the evening of 21 July.

Army To Increase Operations

PA2207044593 Managua Canal Cuatro Television in Spanish 0300 GMT 22 Jul 93

[Text] The Army will increase its operations in Esteli until it retakes the city, Lieutenant Colonel Ricardo Wheelock announced on the night of 21 July.

The bottom line for the Army is not to allow any more armed actions similar to those that took place early on the afternoon of 21 July in Esteli. It seeks to regain control of Esteli in the next few hours. To achieve this, the Army will mobilize the necessary forces.

[Begin Wheelock recording] At approximately 1400 a group of around 150 criminals, led by a former soldier who protects himself by saying he is a recompa, attacked the City of Esteli, mainly its banks, Nicaraguan Telecommunications and Postal Services Institute office, the mayor's office, and other government offices. The group attacked with the purpose of holding up the banks and exerting pressure on the government to force it to negotiate.

We, the Army, condemn this act. Under no circumstances can it be valid to use nonfulfillment of agreements as an excuse for military acts that endanger peoples' lives. In the case of Esteli, we regret that, unfortunately, some people have been killed, state and private property has been vandalized, and there has been an unnecessary military confrontation. What is worse, citizens have been exposed to danger, and several groups of Esteli residents are being held hostage.

We knew of this group's plan, but we did not know the exact date on which it was going to occur. We had sent reinforcements to the City of Esteli. This is serious, because this criminal hides behind revolutionary flags and demands as a means to carry out several crimes, mainly holding up banks in Nicaragua and Honduras.

These bank holdups have resulted in the loss of several millions of cordobas destined for the peasants, for small farmers. Those funds have been stolen, directly affecting agricultural production.

The Army will continue its military operations. At no time will we tolerate such activities. At this time, the Army is conducting military operations with all available technical means to regain total control of the City of Esteli in the next few hours and to arrest these people. As the Army, we are the only armed force recognized by the Constitution. We did not start this. Consequently, as representatives of the law, we must impose the law. We have been extremely cautious with the civilian population and have carried out airborne operations near Esteli, where those criminal groups operate. The Army will continue its operations with the same caution but firmly and effectively. [end recording]

Sandinist Front Condemns Actions

PA2207042893 Managua Canal Cuatro Television in Spanish 0300 GMT 22 Jul 93

[Text] The National Directorate of the Sandinist National Liberation Front issued a communique on the night of 21 July in which it vigorously condemns the actions that have endangered the lives of hundreds of people in Esteli and demands the immediate departure of the attackers from that city. It demands that the government act with utmost prudence and responsibility. It also demands that the government respond to the just demands of a population pressured by unemployment and hunger.

Esteli 'Stable'

PA2207005293 Managua Radio Nicaragua Network in Spanish 0000 GMT 22 Jul 93

[Telephone interview with Ernesto Robleto, director of the Presidency Press and Information Office, by unidentified reporter in Managua—live]

[Text] [Robleto] We are calling domestic and foreign reporters to the Press and Information Directorate where we are going to hold a news conference at 1930 [0030 GMT]. The Government Ministry will announce details about the events in Esteli that have placed the media on alert. The Government Ministry will be providing the latest information.

[Reporter] Will you discuss the kidnapping of our ambassador to Honduras?

[Robleto] Yes, we will provide all the available information for two reasons. First, to provide sufficient information in order to avoid creating further alarm about what our population should know about the events taking place in the country's northern region. We also want to clear up some false reports regarding other actions, about which there is speculation. The government will be responsibly providing all the available information and will continue to do this as more information is available. At this time the situation in the north is completely stable. We will report during the news conference on how the Sandinist People's Army is ready to provide cooperation if the police so require. Acting Government Minister Joaquin Lovo will be giving further information.

[Reporter] From what you are saying, this means that there have been no clashes between the Army troops sent to the Esteli area with the armed group that seized the city of Esteli this afternoon.

[Robleto] Absolutely not. It is important that the media provide truthful and confirmed information because it not fair to alarm the people unnecessarily. This is the reason why the government is holding the news conference to provide accurate information about the latest events. It is not true there have been clashes and it is not true that preparations are being carried out in any other Nicaraguan city. We will be providing at the news conference all the information we have gathered at this time.

[Reporter] Is the National Police director going to be there with Acting Government Minister Lovo?

[Robleto] I cannot confirm that. I can tell you that Lovo is coordinating all the information from the Army and the police and he will decide who will be at the news conference. He will give the available information so the people will learn about the situation, which is not as some media have been reporting. They have been even talking about an insurrection and actions that go beyond what is really occurring in the country's north. That is why we invite you to be at the news conference at the Information and Press Directorate at 1930.

Christian Democrat Reacts to Ortega Speech

PA2107221793 Managua Radio Corporacion in Spanish 1030 GMT 20 Jul 93

[Excerpts] [Passage omitted] Here are some statements by UCD [Christian Democratic Union] member Jairo Manuel Lopez with regard to the recent speech by FSLN [Sandinist National Liberation Front] Secretary General Daniel Ortega.

[Begin recording] [Unidentified reporter] Mr. Lopez, I would appreciate if you would comment on statements made by Daniel Ortega on 19 July in the Plaza de la Republica with respect to forming a national unity government, as he calls it, to replace the Chamorro administration, which has been unable to govern or offer concrete solutions to the Nicaraguan crisis.

[Lopez] [Words indistinct] to save the FSLN's position in the current administration. During the past three years, the FSLN has governed jointly along with Mrs. Violeta Barrios de Chamorro, and they are also responsible for economic policies implemented in the country. The main features of these economic policies have been its neoliberalism or neocapitalism. Now that the party membership has begun to deteriorate, and a significant proportion of the party is demanding a return to its initial direction, the FSLN has decided to initiate a sort

of readjustment as evidenced by its main spokesman Daniel Ortega. This readjustment starts with the FSLN verbally distancing itself from the administration. On the other hand, the FSLN has been a usufructary of companies privatized by the government, which it has been unwilling to give back. It is also worthwhile mentioning that the FSLN is now slowly starting to distance itself from the government at a time when the administration has worn itself out. It is really surprising how naive Antonio Lacayo and Mrs. Chamorro have been. For some time now, they both believed that the Sandinists would constantly support them. The FSLN merely used its co-government status to amass an incalculable fortune which has made it one of the richest political parties in this country.

It is also worthwhile mentioning that the FSLN is applying a certain degree of pressure, albeit indirectly, on the government. If the Chamorro administration decided to join up once again with UNO [National Opposition Union], the Sandinists would bring down this government. On the other hand, they say that it is possible to come to some arrangement with the UNO in the form of a constitutional reform. However, in exchange, they would like some sort of guarantees with respect to the property issue.

Right now, the national scenario is being laid out in different terms. We must be honest and acknowledge that the FSLN was able to organize a public event where they were able to fill a public plaza. Nevertheless, we must also take into consideration that when a political party organizes a public event, those who participate in the event are the party sympathizers not the voters. We must recall the time when the FSLN ended its presidential campaign by filling the plaza even more than on this occasion. However, it lost the elections.

What is important is not those who participate in the mass meeting but the voters. Voters are those everyday Nicaraguans who want democracy, as opposed to a continuity as formulated by the co- government.

One way or another, the political class is being presented with an FSLN challenge. UNO will have to present a united reply, and the government will sooner or later have to understand that its position is growing more delicate every day. The government will also have to understand that its continuity in the executive branch will depend on the degree of vacillation and dependence it demonstrates with respect to Sandinism. However, the FSLN reserves for itself the right to end the co-government at any time it may see fit.

Now the question is: what is the government going to do if deprived of FSLN support and polarized from UNO political parties that once put them in power? The future of the executive branch is more limited every day. Its room to maneuver grows smaller and smaller every day thanks to external pressures from donor organizations and lending nations. All of this will place the government in a very difficult position in the next few months.

[Reporter] President Chamorro has invited the UNO national political council to participate in a third meeting scheduled to take place on 21 July. Has UNO decided if it will participate in this meeting? Don't you think this would be the ideal time to talk with Mrs. Chamorro about this FSLN threat to oust her?

[Lopez] Some believe the dialogue has been exhausted as result of the government's unwillingness to adopt concrete solutions that will favor the Nicaraguan people. It seems as if there is no possibility open to reach to an understanding. Once and for all, it must be clarified that we, as political parties, are not interested in the government's position. We have said this before. Some UNO parties are not going to participate in the national dialogue just to obtain prebends, a ministry or deputy ministry. We seek a solution to the nation's problems. If this is not the case, Nicaragua will continue to sink more and more into economic and social chaos and tension will continue to rise.

We believe, and we clearly said it, that when the national dialogue was organized, it would be have been preferable to organize it to find solutions rather than to simply carry out a tactical dialogue. It has already been demonstrated that the government has in mind a tactical dialogue. It has failed. The government has been unable to convince the population or the international community. This has been the case, despite announcements by Antonio Lacayo that he has met for more than 1,200 hours with representatives of various sectors.

This situation reminds me of a movie, "Go Fly, Young Man" [A Volar Joven] by Mexican comedian Mario Moreno Cantinflas, a performer considered immortal in Latin America and the Hispanic world. In this movie Cantinflas and another character spend more than 100 odd hours flying around in an aircraft and are unable to land. This administration is doing the same thing, it continues to fly around the dialogue and is unable to land in such as way as to benefit the population. If after this opportunity, and depending on its answer, the government decides to arrive at concrete agreements with UNO, then better still for the country. At any rate, if it does not decide to reach any type of agreement, then it is preferable to tell the population once and for all that the dialogue is unthinkable and that other means must be sought to solve the Nicaraguan crisis.

Keep in mind that by other means we are referring to civic means, not violence, which would simply present a drama to the Nicaraguan people. No one with his feet firmly planted on the ground would want this for the rest of the population.

[Reporter] I would appreciate it if you could specify if the UNO has decided to participate in President Chamorro's 21 July meeting or if it is still waiting for a final resolution?

[Lopez] We plan to forward a note to the Presidency of the Republic accepting the invitation as long as the Executive Branch, as a gesture of flexibility, is willing to

discuss the UNO points along with the government points. Our decision on whether or not to participate in the dialogue will depend on its answer. [passage omitted]

Please remember that May, June, and most of July has already gone by and still there is nothing concrete. Meanwhile, the Nicaraguan people are submerged in an economic crisis highlighted by unemployment, underemployment, and hardship as result of the increase in the cost of basic staples.

[Reporter] Finally, Mr. Lopez, during his 19 July speech, Daniel Ortega summoned the FSLN national assembly, as alleged head of the party, to call an extraordinary congress to evaluate party militancy from the rank and file all the way up to the leadership, and to change what needs to be changed. Do you believe this will serve to democratize this party?

[Lopez] Daniel Ortega's speech was divided into two parts. The first part was addressed to his rank and file. He proposed an extraordinary congress to gather the different opinions that have been voiced within the FSLN in the past few years calling for internal democratic debate and reforms as a result of the country's situation.

These opinions have been voiced by opposing factions within the FSLN. On the one side we have the radicals and on the other we have another faction calling for more democratic opening. Ortega's speech and all the others before his were more oriented toward allowing party members to voice their various opinions. Their objective, party unity, is evidently slowly falling apart.

In the rest of his speech, Ortega sought to put the government in a checkmate situation. He extended a very subtle invitation to the UNO to join a possible bilateral dialogue with the FSLN. The objective of this dialogue would be to find solutions and possibly to establish a national unity government. We hope the FSLN Congress will serve to renew some structures that do not have any place in a political party that now controls immeasurable wealth and an immense fortune. The FSLN is one of the country's leading economic players.

[Reporter] Thank you very much, Mr. Jairo Manuel Lopez, for your comments.

Panama

National Bank Manager on U.S. Ambassador's Remarks, MLAT

PA2107170993 Panama City EL SIGLO in Spanish 20 July 93 p 16

[Report by David Daniel Victoria]

[Text] National Bank Manager Luis H. Moreno said the Mutual Legal Assistance Treaty (MLAT) signed by Panama and the United States for the exchange of information on drug trafficking "is viewed by our country as a viable instrument, but has not received the same attention in the United States."

Moreno stressed that Panama has made great "efforts" to make the MLAT a viable instrument in the counternarcotics effort, but "regrettably" the United States has assigned little importance to the document.

To a certain extent the MLAT is in keeping with the Vienna Convention, which guarantees broad cooperation in the exchange of information between countries to fight the worldwide scourge of drug trafficking.

Moreno denied that Panama is not doing anything to fight drug trafficking. He said that although the banking center could adopt more urgent measures, it is not true that nothing is being done.

Moreno was referring to remarks made by U.S. Ambassador Deane Hinton during a ceremony marking the first use of drug-detecting dogs in the Free Zone. Hinton severely criticized the government for not ratifying the Vienna Convention, a document adopted by the United Nations to control money laundering.

Hinton said Panama "has done very little, and no one has been arrested in connection with that crime." President Guillermo Endara rejected Ambassador Hinton's statement, saying that "we have done a lot and are trying to do even more." Foreign Minister Julio Linares said "it is possible that Panama has not done everything it could to fight drug trafficking, but the United States has not done everything it could do, either. [no ending quotation mark as published]

Moreno said that Ambassador Hinton, like everyone else, is aware of the many efforts being made at official and private levels, in the Banking Commission, and in banks operating in Panama to counter money laundering. He also knows we are deeply concerned about the problem, which does not only affect Panama.

Moreno stressed that the Banking Commission is intensifying its efforts to fight money laundering and drug trafficking. For that purpose it has signed an interbanking agreement for the use of negotiable instruments and money transfers from abroad, which was approved by the Banking Association General Assembly. Moreno said it is an additional effort to prevent the misuse of banking services by money launderers and other criminals.

Bolivia

President-Elect Discusses Trip to U.S., U.K., Brazil

PY2107211593 La Paz Television Nacional Network in Spanish 1700 GMT 21 Jul 93

[Passages within quotation marks are recorded]

[Text] As we reported a few minutes ago, President-elect Gonzalo Sanchez de Lozada arrived in Bolivia last night. Sanchez de Lozada arrived in his private plane at 2200 after a two-week absence during which he visited London, New York, Washington, California, and Brasilia.

[Gonzalo Sanchez de Lozada] "I bring good news. Thank God there is great admiration and respect for the Bolivian democratic process in the United States, Europe, and Brazil. The orderly, civilized transition that we are implementing and the way the elections were held have been thoroughly praised. There are many expectations and a willingness to cooperate, although I do not think it will be easy."

During his trip, Sanchez de Lozada explained the capitalization project of the Plan for All, especially to the private sector. We asked him whether he met with entrepreneurs who would be willing to invest in Bolivia, despite the fact that they will have only 49 percent [not further specified] on their side.

[Gonzalo Sanchez de Lozada] "It is a very innovative proposal. We heard some objections, but entrepreneurs foresee both problems and advantages. What they do admit, however, is that it is something new. If we succeed, this can even be implemented in other countries. Some entrepreneurs said: Well, if it were 50-50, with a management contract....[pauses] Others, however, said. We will see; it depends on the business."

Sanchez de Lozada did not bring any concrete commitment. He went to attract investment:

[Gonzalo Sanchez de Lozada] "I did not bring checks and money in my briefcase, but I took the first step. I explained our ideas; I explained that Bolivia has voted for a change and that we will have an efficient, capable, and honest government."

According to Sanchez de Lozada, his conversation with Itamar Franco and several Brazilian ministers about the sale of gas to that country was the most positive result of his trip:

[Gonzalo Sanchez de Lozada] "The most positive reaction appeared in Brazil. I went to that country particularly to explain to them that the gas pipeline project to Sao Paulo is Bolivia's top priority project."

In Brazil, he also was asked about soccer.

[Gonzalo Sanchez de Lozada] "In Brazil I was asked whether we would defeat the Brazilian soccer team by several goals. I said: I don't know. It seems that Gamarra is playing. We will see what happens. I, however, did not want to comment on this (?to my team). [laughter]"

The president-elect also talked with representatives of the World Bank, the Inter-American Development Bank, and the IMF. With World Bank representatives, Sanchez de Lozada talked about the importance of financing the gas pipeline to Brazil. He said, however, that he did not reach any specific agreement with those institutions.

He minimized the disagreement between the UCS [Solidarity Civic Union] and the MBL [Free Bolivia Movement]. As for the possibility of signing a new agreement with Max Fernandez, Sanchez de Lozada said:

[Gonzalo Sanchez de Lozada] "I hope we will reach a new agreement. Both he and I are entrepreneurs. The agreement was very clear and I understand it very well."

The president-elect concluded by saying that he will immediately meet with the MNR [Nationalist Revolutionary Movement] transition subcommittees to receive the country in an orderly fashion in a couple of weeks.

Interview With Sanchez de Lozada on Drugs

PY2107214993 La Paz LA RAZON in Spanish 4 Jul 93 pp D8-D9

["Second part of exclusive interview" with Bolivian President-elect Gonzalo Sanchez de Lozada by Mariana Baptista Alvarez; place and date not given]

[Excerpt] [Alvarez] A bold statement by you has been published: It says that you are in favor of legalizing drugs. Regardless of who made the statement, it is both bold and dangerous and I believe it will elicit different effects and reactions. I would like to analyze this legalization issue with you. The creation of a tax on drugs, as you propose, is rather complex. The creation of high taxes on drugs to generate legal profits and to restrict consumption could lead to the creation of a black market that will sell drugs a bit cheaper, and even worse, make it available to minors, pregnant women, or people in charge of public security. Moreover, if taxes are low and drugs are cheap, there is an enormous risk that vice and addiction will become endemic because it is a fact that easy access to drugs increases consumption. It would seem, then, that the dilemma is between high taxes that will create black markets and other forms of drug mafias, or cheap drugs that lead to unrestrained consumption.

[Sanchez de Lozada] I believe—but this is only a personal opinion—that banning the use of drugs only enriches people outside the law. This by no means implies that we must accept drugs or tolerate them. My statement was simply an acceptance of this human condition. The experience of mankind is that it is very difficult to ban vices. If we forbid them we create the conditions for the emergence of outlaws who do not pay taxes and who use violence against the forces of order, which is extremely dangerous to society.

That same idea was expressed by former U.S. Secretary of State George Shultz to the magazine THE ECONOMIST. He said that on leaving politics, and after having lived with the problem, he did not believe "there was an alternative to legalization."

The United States government fought violently against alcohol until it decided to legalize it. The only point I wanted to make in that interview was that the world will probably have to accept legalization of drugs in the end because I believe it is easier to solve the problem through legalization than through repression.

I do not mean that legalization should be the only solution: We should combine it with a resolute and massive education process, as with tobacco or alcohol. But this is just an academic discussion, a personal idea.

[Alvarez] Does this mean the matter will not be considered by your government?

[Sanchez de Lozada] Absolutely. Bolivia cannot unilaterally legalize drugs nor oppose international consensus, treaties, or agreements, disregarding a problem which causes much damage and which requires a consensus.

[Alvarez] You have said that Europe and the United States meddle too much in the alternative development program, that they have shown very little desire to effectively help and contribute, and that we can no longer react to foreign pressures. This is a generalized opinion among Bolivians.

The objective truth does not, however, follow that idea because, in international cooperation alone, Bolivia has received from the United States between $27 and $30 million per year exclusively for alternative development programs and infrastructure in Chapare. Although this may not be sufficient—and is not even close to the $400 million you want to invest in that program over five years—the fact is that thanks to this modest cooperation, Chapare has received the biggest public investment per capita in the country. U.S. pressure or meddling is related to the supply or not of those funds proportional to the reduction of coca plantations, under the full understanding that the two countries' objective is to reduce the surplus coca production which is directly intended for the production of cocaine. If the desire is to eliminate this pressure and to continue the same policy, facing the drug problem and others, one must also give up the money necessary for development. How will the "Plan of All" increase six times the investment in rural areas and how long will it take to achieve?

[Sanchez de Lozada] The commitment of the Plan of All is to increase six times the investments in the provinces and in rural areas. I believe coca plantations are becoming bad business for peasants and I think the drug problem has become exclusively a Bolivian problem. While I admit that this $27 to $30 million you mentioned as coming from the United States is the greatest economic investment per capita being made, the truth also is that Bolivia has the lowest rural investment per capita in the world. Thus, I think it is nonsense to talk about $27 to $30 million for a problem which causes $10 billion in economic damage to the U.S. society. I am not criticizing it or trying to be demagogic but I believe we must change Bolivian society, encouraging it to solve its problems, and that the worst of these problems stems from dependency. We live off foreign aid, as Tennessee Williams said: "I live off the charity of others..." and this cannot go on.

It is true that during the government of Paz Zamora I proposed in the United States selling our gold and offering 20 percent of it to fight the drug problem providing the United States put up the remaining $400 million. But the United States did not have it. This is laughable and shows that there is no willingness to do it, that it is a terribly Bolivian problem, and that we alone will have to solve it by attacking en masse, resorting to the awareness of the people and finding a consensus. I think the small achievement obtained so far was started by Paz Zamora, but nothing else has been achieved. Our government will tackle the problem seriously and responsibly, and I have the commitment to face it in that manner.

[Alvarez] The modern world has not given up the unquestionable virtues of capitalism as an effective generator of development. But the market is a merciless mechanism which, as Eduardo Galeano said, "is doomed to giving birth to socialism"—referring to the fact that the system itself produces many inequalities and injustices. The free market reduces man to his production and consumption capacity, price being the only value and money being the supreme ideal. All this inevitably produces abuses and distortions like unrestrained consumption and absolute materialism, factors that are morally destructive for societies because they unleash all types of violence. How can progress, development, and wealth be achieved without dehumanizing life? Or do you not believe this matter deserves the consideration of societies like ours which still has a long way to go to reach that level of existential concern?

[Sanchez de Lozada] I honestly believe in the need for overall development. The most negative inheritance of our western society is that we have divided the economic, social, and political areas. I think we must see society as we see humankind. It is not good to see man distorted in his personality, as a being whose only interest is accumulating wealth and increasing his fortune. We have a spiritual and a material life and not one separated, as described by Aristotle into matter and spirit, which has damaged us. I am optimistic because Bolivia still has strong community and family roots which are institutions of solidarity. Bolivian democracy must accept reality and diversity.

[Alvarez] Which preserves the charms of underdevelopment?

[Sanchez de Lozada] No. That is unacceptable. The lack of development has become an unacceptable crisis in

which there is no production for consumption. Our society has started a vicious circle that will destroy us if we do not reverse it. Bolivia has much more influence than it believes in rural values and attitudes. I think the time has come to promote this and to use the modernity of the two traditions—the Spanish and the native, which does not mean traditional. Victor Hugo said he is considered a man of one modernity with the root of an other. This type of modernity must create the society we want for our children, one that will not fall into those distortions of human values. [passage omitted]

Brazil

Cardoso Economic Plan Stresses Spending Cuts, Tax Recovery

PY2107140793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 Jul 93 Economy and Business Section p 1

[Text] Economy Minister Fernando Henrique Cardoso's economic plan includes the following points:

Spending Cuts

Last week the government sent to Congress the public spending cuts proposal. A total of $6 billion will be cut from the budget this year. The program includes $4.1 billion in cuts and provisions to cover for inflation. Allocations for the Armed Forces and the legislative and judicial branches will not be cut. Congress will debate the government proposal, which eliminates funds used to finance legislators' amendments.

Budget Recovery

The greatest political improvements are included in the chapter on the fight against tax evasion. Two weeks ago the Internal Revenue Service launched an offensive against tax evaders, whose preventive detention has begun. The government expects to collect an extra $3 to $5 billion through this campaign against tax evasion and tax avoidance. Officials have also began operations to catch contributors who did not present their tax returns, those who exhibit external signs of wealth, and the 600 companies that failed to pay any taxes. The measure has already been so successful that entrepreneurs are beginning to take the initiative and pay their debts.

States and Municipalities

The National Monetary Council (CMN) took important steps to restrict the spending of governors and mayors through the reformulation of an old Central Bank resolution. The adjustment measures for the group of states and municipalities will be completed when President Itamar Franco signs six decrees designed to regulate the freezing of accounts of entities that fail to pay their debts with the Federal Government. A bill establishing new criteria for the granting of treasury guarantees for contracting loans is being prepared. The finance minister intends to work on debt rescheduling agreements until the end of the month.

State Banks

The CMN has approved the application of dispositions established in the White-Collar Law [anticorruption law] forbidding state and official banks from financing controllers' spending. State banks are forbidden from loaning money to governors. Official banks are forbidden from loaning money to state companies. Other measures: transform development banks into state banks' portfolios; reduce the number of agencies; and forbid the Central Bank or Treasury from bailing out state banks.

Federal Banks

Measures affecting federal banks are still to be implemented. The only decision was to apply the White-Collar Law. Bank officials are still discussing a presidential decree and a complementary bill determined to close down agencies that operate in the red and reinforcing Central Bank legal tools to independently supervise the operation of federal banks. The Meridional Bank's privatization was not even discussed.

Privatization

The proposal to make the program more agile did not pass from the draft stage. No action or measure was adopted, not even the sale of minority packages of state company shares owned by the BNDES [National Bank for Economic and Social Development] or the Bank of Brazil. Six draft bills, which are still at the initial stage, contemplate the swap of overdue debts for bonds, the new currency in privatization programs. One of the bills discusses the creation of a privatization fund.

State Companies

The government has announced for 13 July the implementation of measures to control state companies' spending, profits, and advantages. The economic team wants to control state companies' payroll, debts, and investments, and establish performance standards.

Federal Police Lift Strike, To Negotiate

PY2207010193 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Jul 93

[Text] The Federal Police strike has ended. Policemen have decided to return to work and continue to negotiate.

After a 30-minute debate, representatives of unions throughout the country decided to lift the strike. They now are waiting for a special bonus proposal.

Immediately after the meeting, the policemen notified Federal Police Director Colonel Wilson Romao of their decision.

[Begin recording] [National Federal Policemen Association President Francisco Garisto] Our strike was successful because today even children know that there is a gasoline and paper shortage and that the Federal Police cannot operate properly.

[Romao] Common sense has prevailed and it was understood that I have enough power to channel all personnel demands. [end recording]

President Itamar Franco today gave Col. Romao carte blanche to make a proposal for restructuring the Federal Police. This was the main decision made during a meeting held by the president, Romao, Justice Minister Mauricio Correa, and the three military ministers.

Editorial Bemoans Lack of 'Results' at Salvador Summit

PY2107160693 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Jul 93 Section 1 p 2

[Editorial: "The Ibero-American Summit"]

[Text] The conclusions of the Third Ibero-American Conference [Terceira Conferencia Ibero-Americana], as expressed in the final document of the Salvador (Bahia State) Summit, do not contain concrete results of major importance. This fact should not be a surprise, considering the limited economic weight of the participant countries and the absence of a common agenda prepared in advance through joint actions by the countries involved.

The text places great emphasis on fighting misery, warning that "poverty is ethically unacceptable and represents a potential threat to our future." The text does not, however, indicate specific mechanisms to reduce social problems.

The Ibero-American countries' ability to effectively participate in the international arena will depend, of course, on the resolution of the serious domestic problems that are still plaguing a large number of member countries. It would be naive to imagine that efforts for common cooperation might be especially fruitful within the context of an acknowledged shortage of capital, technological backwardness, and unemployment of a significant portion of the labor force.

An encouraging fact, however, is that the economic situation of some participant countries has improved during the past few years—at least within the context of an adverse international economic situation. Worth mentioning, for example, is the fact that Latin America has again attracted foreign capital, and that some countries, like Mexico, Chile, and Argentina, have taken important steps toward adjusting their economies.

Unfortunately, this progress has not been observed in Brazil, which represents the conference's largest country in terms of population and the second largest country in terms of GDP [gross domestic product]. The Brazilian Government and society have still not demonstrated the required political will to defeat the inflationary cancer, increasing the huge gap that separates our country from the authentic ideals of social justice proclaimed in Salvador.

* Congressmen, Jurists Draft New Electoral Law

93SM0333A Sao Paulo VISAO in Portuguese 16 Jun 93 pp 12-13

[Article: "A Bill With Lasting Rules"]

[Text] *Congressmen and jurists headed by Senator Mario Covas are drafting a new electoral law adapted to national reality.*

The finding by the CPI [Congressional Investigating Committee] investigating the PC [Paulo Cesar Farias] case that Brazilian electoral legislation is "hypocritical" and makes various kinds of manipulation possible has led a group of congressmen and jurists to meet under the leadership of Senator Mario Covas (PSDB [Brazilian Social Democracy Party], Sao Paulo) to draft a bill that will be submitted to the National Congress for establishing more durable rules governing the election process. Their work, which is aimed not only at establishing stable rules for elections in the next few years but also at regulating election propaganda and the collection of campaign funds, is almost complete. It will be preceded by a vote in the Senate on an amendment already passed by the Chamber of Deputies and amending Article 16 of the Constitution, which currently stipulates that any electoral legislation must take effect one year before the first election to which it applies. Under the new wording, "the law in effect for a particular election must be approved one year in advance"—a change that completely alters the current rule.

Representation: In Mario Covas's opinion, the purpose of the bill is not only to strengthen but to improve legislation which, since the country's redemocratization in 1985, has successfully introduced various innovations into the election process. One of the first proposals calls for formal inclusion in the legal text of the rules on proportional representation with respect to members of the Chamber of Deputies. Covas points out: "In issuing instructions for the 1990 election, the Superior Electoral Court [TSE] based state representation in the Chamber of Deputies on the decision of 1986, thus guaranteeing the States of Amapa and Roraima—created by the 1988 Constitution—a minimum of eight representatives, but neglected to say anything about maximum representation." In his bill, the senator intends to guarantee Sao Paulo the maximum representation established by the Constitution (70 deputies), "thus attempting to correct, even though only partially, a flagrant distortion of state representation in the Chamber of Deputies pending promulgation of the complementary law implementing proportional representation for the other states." The senator considers it fundamentally important to adopt that measure in time for the 1994 election so that Sao

Paulo's representation in the Chamber of Deputies will not continue to be harmed. And he has the support of two other congressmen: Senator Eduardo Suplicy (PT [Workers Party], Sao Paulo) and Deputy Delfim Netto (PPR [Progressive Renewal Party], Sao Paulo), who have also been supporting adoption of such a measure ever since the 1988 Constitution was promulgated. "It is a measure that is late in coming," Suplicy says. Delfim goes even further, saying that the bill must go farther in that direction by "restoring proportional representation for all the states."

Parties: Concerning party participation in general elections, the Covas bill reiterates the rule "limiting participation in the election process to only those parties whose bylaws and national executive bodies are registered with the Superior Electoral Court—that is, parties that are nationwide in scope and are permanently registered." Coalitions and nominating conventions also receive attention from the bill, which amends the current provisions of the Organic Law on Political Parties regarding the initiation of proposals for coalitions in elections in municipalities with more than 1 million inhabitants. The PSDB senator will propose that the zone executive bodies participate in the decisionmaking process and that an absolute majority be required for approving a proposed coalition. His proposal will also establish a simple majority for approval of the parties that will join each of those coalitions. But the major new feature in this area is permission for the parties to choose their own candidates at their conventions, with the provision that these candidates will be their nominees if the coalition does not become a reality. This reflects the specific case of the Sao Paulo PFL [Liberal Front Party], which in last year's municipal elections did not join a coalition and wound up with no candidates for mayor or councilman because of an internal conflict generated by disagreement over mayoral candidates between the national executive body (which wanted to run businessman and TV host Silvio Santos) and the regional executive body (which at its convention nominated Arnaldo Faria de Sa).

Membership: To prevent the use of parties as "slates for hire," Covas advocates the rule that a candidate must have been a party member for one year and be registered as a voter in the district in question. This, too, reflects the fact that in his bid to become mayor of Sao Paulo, Silvio Santos joined the PFL on the last day allowed by electoral legislation. Silvio's membership was challenged by the regional executive body on the grounds that eight days had not passed between the date on which he joined and the registration deadline established to allow time for possible challenges. The TSE accepted the challenge, but the party had already ordered intervention in the Sao Paulo executive body that had invalidated the convention nominating Faria de Sa as its candidate for mayor. Also invalidated was another convention nominating Silvio Santos. The quarrel is still going on, with the Sao Paulo PFL still under the control of the national executive body. And it is bound to continue, since the PFL leadership intends to run Silvio Santos as its candidate for governor of Sao Paulo but lacks the support of its blocs in the Chamber of Deputies and the State Legislative Assembly. In a recently published announcement in the DIARIO OFICIAL DA UNIAO, the PFL's national executive body canceled all municipal conventions held in the State of Sao Paulo.

Vote count: The Covas bill also retains a rule which was included in the 1992 Electoral Law but which most of the regional electoral courts [TRE's] have not complied with: votes are to be counted at the polling places. In the last election, the Sao Paulo TRE led the rebellion against that rule, which would have expedited the count, and retained its centralized counting system on the grounds that it lacked the administrative resources for overseeing the process. Without directly mentioning the Sao Paulo case, Covas notes that "despite the resistance to this innovation and the various problems it causes—generally of an administrative nature and completely correctable—this provision is of wholesome significance in combating fraud." According to his bill, the requirement would be retained in the case of municipal elections, but it would be optional in the case of general and presidential elections.

Another innovation retained in the new bill is the provision relating to the automatic recounting of votes. According to TSE Director Enir Braga and jurist Alberto Rollo in their book *Comentarios as Eleicoes de 1992 (Comments on the 1992 Elections)*, automatic recounting "introduced a major innovation into the practices of the electoral system, chiefly from the standpoint of preclusion, but it needs to be refined, since it has a few defects, chiefly from the standpoint of deadlines." The bill provides that for an automatic recount to take place, it must be requested by a majority of the parties participating in the election, and those parties must have obtained at least 30 percent of the valid votes cast. And it gives the judge 48 instead of 36 hours in which to order a recount, as provided by Article 159 of the Election Code. Absentee ballots will also be restored as a consequence of the successful experience with them during the plebiscite.

Contributions: The principal changes, and they were supported by the congressmen in the PPR and PT, were those relating to election propaganda and campaign contributions. In the case of propaganda, free radio and TV time is being retained, but with an additional provision that was applied during the plebiscite campaign. Thus, part of the free radio and TV time may take the form of 30-second and one-minute commercials, provided that the parties and the radio and television stations agree, for broadcast during a station's normal programming. For this measure to be implemented, the electoral courts must be notified ahead of time.

As regards the financing of election campaigns, Covas points out that "in view of the scandals brought to light by the CPI on PC and involving the illicit use of presidential campaign funds by candidate Fernando

Collor de Mello, national public opinion has united in demanding that the matter be regulated." Because of that, the senator is seeking in his proposal to reverse the situation by establishing instruments making the parties and candidates responsible for campaign spending. He is also transferring to the electoral courts responsibility for setting maximum limits on that spending and restoring the provision that parties and candidates may receive contributions from legal entities (private firms). Covas emphasizes that this "is a measure in general use in elections in such countries as the United States, France, Spain, Italy, and Israel, among others."

[Box, p 13]

What Will Change

The following changes to electoral legislation will be proposed:

Coalitions: In addition to the municipal executive bodies, zone executive bodies may also decide to form coalitions in municipalities with more than 1 million inhabitants.

Conventions: An absolute majority will be required for approving a proposed coalition, and a simple majority will suffice for choosing the parties that will be part of it. The parties will also be able to nominate their own candidates, who will then run if the coalition is not actually formed.

Voter's residence: The provisions of the Election Code will apply.

Party affiliation: A candidate must belong to a party for at least one year before running for office.

Free radio and TV time: In the 1994 elections, the total time allocated for campaigning will be 165 minutes, including 82.5 minutes at night—in other words, a total of one hour, 22 minutes, and 30 seconds that is to be divided as follows: 37 minutes and 30 seconds for campaigning by candidates for president of the republic, with that total being distributed proportionately among the blocs in the National Congress, and 45 minutes, also distributed proportionately among the parties, for campaigning by general election candidates (governors, senators, and federal and state deputies).

Splitting propaganda time: The parties may, in agreement with the radio and TV stations, devote part of the time allocated to them for candidate campaigning or party messages to 30-second or one-minute commercials inserted into the stations' normal programming.

Campaign funds: Individuals and legal entities will be able to contribute to election campaigns. The accounts will be checked by the Office of the Public Prosecutor and the electoral courts together with the Party Committee. Contributions must be made to parties, not to individual candidates.

Chile

Poll Shows Eduardo Frei Leading Other Candidates

PY2107223693 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 21 Jul 93

[Text] If the elections were held on 25 July, the Coalition of Parties for Democracy candidate, Eduardo Frei, would win them. This was found out by the latest poll carried out by CEP-Adimark [Political Studies Center-Adimark].

The poll, which was carried out between 18 June and 12 July, shows that Frei would obtain 51.6 percent of the votes. He is followed by Ricardo Lagos—although he is no longer a presidential candidate—with 10.3 percent, and then Francisco Javier Errazuriz with 4.2 percent. After them come Manuel Feliu, Jose Pinera, Jovino Novoa, and Eugenio Pizarro.

Regarding the unusual troop movement that took place on 28 May while President Patricio Aylwin was in Europe, 48 percent of the people polled considered it a serious problem, 33 percent considered it less serious, 10 percent thought there is no problem, and the rest had no opinion.

The poll also showed that 71 percent of the people polled think the problems between the Army and the government have not been solved.

As for the government's image, 54 percent of the people approve of the administration, which means a slight drop in comparison with March; 15.2 percent of the people disapprove of the administration; and 30.8 percent said they are indifferent.

Jorge Molina Elected Chamber of Deputies President

PY2207031793 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 22 Jul 93

[Text] There has been a change in the Chamber of Deputies. Deputy Jorge Molina Valdivieso, from the Party for Democracy [PPD], was installed today as president of the lower house.

The plenary session began with a secret voting session to elect who would replace Socialist Deputy Jose Antonio Viera-Gallo. According to a political administration pact made between the Coalition of Parties for Democracy [CPPD] and the UDI [Independent Democratic Union], the house now must be presided over by a representative from the PPD Socialist bloc. This agreement was reflected in the voting session, and Deputy Jorge Molina was elected by a wide majority.

In his speech, Jorge Molina said he hoped that the upcoming election campaign will not affect the national Congress' legislative work, which has so far been carried out in an atmosphere of seeking a consensus:

[Begin recording] Allow me, deputies, to make an appeal not to change this nonconfrontational atmosphere that has been so fruitful, despite our different stances and obvious political differences. [end recording]

* PS President on Parties Leaving Coalition

93SM0335A Santiago EL MERCURIO in Spanish 1 Jul 93 p C2

[Text] German Correa [president of the Socialist Party—PS] has pointed out, "We are not talking about political parties but rather about what was left of old groups which at one point were significant and had an electoral impact."

In the Concertation of Parties for Democracy little importance is attached to the decision made by the MAPU [United Popular Action Movement], the Christian Left [IC], and the Green-Humanist Alliance to leave that coalition. Nevertheless, it is recognized that some cost will be incurred in terms of the image of the coalition. However, in electoral terms the multiparty coalition will lose very few votes.

When he was asked on 30 June about the political and electoral effects on the coalition which the withdrawal of the three minor parties would have, the president of the Socialist Party expressed the view that, "To some extent Concertation will lose part of its image of diversity. However, in political terms the coalition has lost only small fragments of parties."

He said that political life derives its energy and moves in accordance with real, political forces existing in society. And, he added, "With all due respect, let the truth be told that those small parties which always said that they were developing—the truth is that they are not developing but rather the reverse of that."

He added that, "What we have here are the small fragments which remain of parties which at one point were significant and had an electoral impact on the voters of the country. This is the case with MAPU and the IC, which have divided and split up many times. The bulk of their members and leaders found other courses to follow. A large proportion of them joined the Socialist Party."

Correa said that as a result of the withdrawal of the MAPU and the IC, Concertation will have to pay some cost in terms of its present image. However, in terms of political impact and electoral significance, "They are small groupings put together for electoral purposes." He emphasized that they "have had no impact on the country."

He said that it was curious that all groups, including the Communist Party, make use of the rank and file members of the Socialist Party. He added: "That is, due to their inability to recruit their own rank and file members, since neither their programs nor their proposals have succeeded in attracting the support of important groups in the country, the only thing that has occurred to them is to make use of our rank and file members for their own projects and proposals. Obviously, this is improper and does not solve anything."

On 30 June the MAPU and IC proposed establishing a new, alternative political party on the Left, bringing in ecological groups and rank and file members of the Socialist Party.

German Correa emphasized that in political life parties grow in the various socialist groups and make their presence felt in society, or they mean nothing at all.

He emphasized that the PS is truly present in society, "where we have been growing among young people and among the workers, as well as in terms of public image, as the polls show. Therefore, we are the only viable alternative on the Chilean Left, since the PS has known how to define correct policies for highly complex times, such as those through which Chile and the whole world are going. For that reason the voters favor us with their support."

According to Correa, it is not necessary to reorganize Concertation in the wake of the departure of the three parties. In practice and for a long time the larger parties have been making the decisions.

He said that it was never possible to set up an executive committee in a coalition which had such great diversity among its member parties. This was because the smaller parties always opposed such a step, exercising their right of veto, since it was the practice to make decisions by consensus.

He stated that this situation developed despite the fact that, in the last analysis, the smaller parties contributed very little to implementing these decisions, since they did not have any electoral impact, nor did they have the necessary presence in society to do so.

He said: "As a result, I would say that this action will help to simplify Concertation and make this coalition what it is in reality: an organization made up of the larger parties which have some significance among various groups in the society of our country."

He stated that he did not share the view that the coalition is composed of two groups: one in the Center and another on the Left. This is a view held by Luis Maira, secretary general of the PS. Correa pointed out that, as things stand now, this view 3n3 does not adequately reflect the realities of political history and the way it is moving.

He called it an accident of history that the PR [Radical Party] is closer to the PDC [Christian Democratic Party] than to the Left. The history of the radical movement has been more generally marked by understandings and alliances with the Left, beginning with the government of Pedro Aguirre Cerda and, later on, in the government of Salvador Allende.

He stated that at the rank and file level there are closer relations between radicals and socialists than between radicals and Christian Democrats. Therefore, he rejected the view that there are two factions in Concertation, because it is clear that there are forces such as the PAC [Center Alliance Party] and the social democratic movement which, together with the PDC, the PS, and the PPD [Party for Democracy], have made an important contribution to the present government.

He indicated that there is diversity in the coalition and that the parties which have withdrawn from it "are shades of the red color which we socialists represent for the most part."

* Fruit Exports Drop in 1992-1993 Season

93SM0335D Santiago EL MERCURIO in Spanish 21 Jun 93 p B10

[Text] Exports of fresh fruit from Chile up to 10 June 1993 reflected a decline of 5.5 percent, compared to the same period of 1992. Only very marginally significant shipments remain to be made to complete the 1992-1993 season, according to the fruit information report for this year, published by the National Society of Agriculture [SNA].

In a detailed analysis the society referred to the principal characteristics of the present season, as well as to developments in the principal markets. The United States regained its position as the principal market for Chilean fruit which it had lost two years ago to Europe.

Regarding export volumes, the report pointed out that they amounted to 121,349,928 cases, 5.5 percent below that recorded as of the same date in 1992, when they totaled 128.2 million cases.

With the exception of table grapes (up by 4.0 percent) and European pears (up by 10 percent), all of the principal fruits exported recorded sharp falls, which were especially important in the case of green apples (down by 31.7 percent), red apples (down by 16.1 percent), kiwi fruit (down by 22.7 percent), nectarines (down by 16.2 percent), and Asian pears (down by 15.2 percent).

In analyzing the present season the SNA study underlined the representations which Chile was forced to make to the GATT [General Agreement on Tariffs and Trade] because of the imposition of surtaxes by the European Economic Community on Chilean exports of apples.

The SNA explained that this measure, "in view of the delay in its implementation, will have no effect on shipments from this season, but it would have involved losses of more than $100 million."

In this respect the SNA pointed out that, in view of the experience of the present season, there was an evident need to use the machinery for a solution involving consultations with the GATT to prevent the adoption in the future of "absolutely protectionist and discriminatory measures in violation of free trade and, in particular, aimed against the developing countries."

The SNA stated that within Chile attention has been centered on the proposal made by FEDEFRUTA [Fruit Federation] to establish a National, Obligatory System of Fruit Regulation, under which it is proposed to establish an obligatory, quality control system which will lead to the regulation of the supply of Chilean fruit.

The SNA pointed out that this proposal is being analyzed by the various companies involved in the fruit growing business. In turn they are expected to express their views over the next few months regarding long term prospects for free markets.

Regarding the results of the present, fruit growing season, the SNA referred at length to prices and volumes of shipments to the two principal markets for Chilean fruit: the United States and Europe.

In the case of the former country, the United States, the report emphasized that the last shipments of table grapes containing seeds were completed in May 1993. The sale of these grapes was rather difficult because of the entry into the market of table grapes from Mexico and California. In passing, this also affected the sale of kiwi fruit, apples, and pears. The report underlined the fall in prices for these last-mentioned categories of fruit.

The analysis dwelt at some length on kiwi fruit, emphasizing the point that during the 1992-1993 season there was a substantial decline in exports of this fruit, as well as apples. Despite the fact that shipments of apples declined by 20 percent during this season, returns of this type of fruit were less than 50 percent of those recorded during the 1991-1992 season.

In the case of the European market the SNA analysis pointed out that the season was characterized by difficulties in sales, both of pears, kiwi fruit, and especially of apples, which were affected by the imposition of surtaxes by the European Economic Community.

The report stated that in view of this development many merchants receiving Chilean fruit were forced to send the fruit to alternative markets, which thereby began to open up for Chilean fruit, as was the case with Poland.

As a result of the barriers imposed, exports of apples to the European Community fell by 40 percent, by comparison with the 1991-1992 season, at prices which were between $5 and $9 less than those prevailing in 1992.

In the case of pears, their prices were 50 percent lower than those during the 1991-1992 season, while in the case of kiwi fruit the average decline was [word missing]. It is expected that this situation will continue to be negative during the next few weeks as a result of the entry into the market of supplies of New Zealand fruit.

Furthermore, the SNA reported that up to June 1993 a total of 4.9 million cases of Chilean fruit entered the

European Community market, compared to 9.9 million cases during the same period of 1992.

* Chuquicamata Miners Reach Agreement With CODELCO

93SM0335C Santiago EL MERCURIO in Spanish 23 Jun 93 p C12

[Article by Hector Rios Duran]

[Text] A new union contract was signed at noon on 22 June between the Chuquicamata Division of CODELCO Chile [Chilean Copper Corporation] and trade unions 1 and 2, which have about 7,000 workers between them. The contract signed will be for 34 months, as distinguished from previous agreements, which lasted for only two years.

At the ceremony for the signature of the agreement, held at the Chilex Club of the mining company, senior executives of CODELCO were present, including Maximo Pacheco, executive vice president for operations; Mario Livingstone, vice president for human resources; Renzo Gasparini, general manager; and Hugo Jorquera, chairman of the Committee of Proxies of the company. Also present were Raimundo Espinoza, president of the Federation of Copper Workers [FTC]; Hernan Santelices, chairman of the Negotiating Committee of the two trade unions involved, as well as other trade union executives and leaders.

Jorquera said, "There is a consensus among all of us who have been involved in the negotiations on this occasion that we have taken an historic step, which is the fruit of the maturity of our working community and which opens up a new future for the company."

In turn Raimundo Espinoza, president of the FTC, said that the successful conclusion of these negotiations "is the beginning of a process of understanding with CODELCO, because the company executives involved were there to listen and to understand that the trade union movement can participate in the modernization of the company."

Hernan Santelices stated that, "We, the workers, began this negotiation with a single principle in mind: the preservation of our jobs which, as a logical consequence, brings with it a long-desired state of labor stability. To do that, we undertook a process of calm reflection on the realities facing our company and our legitimate aspirations. On the basis of that reality we tailored our claims." Finally, CODELCO General Manager Renzo Gasparini said, "our commitment to continue making our best effort to maintain our profitability is contained in the document which we are signing today. I would like to refer to the bonus for cost reduction contained in the agreement. This bonus is a statement by the trade union leadership that they believe in the process of openness and of change in the style of administration which we are going through. This will make it possible for us to increase our productivity and achieve an effective reduction in our costs."

The contract signed on 22 June will be valid for 34 months. In it 14 benefits included in the previous agreement will be broadened, new benefits will be added, and study committees will be established to analyze matters not resolved. Furthermore, the two sides agreed, "To establish a framework of participative and equitable labor relations, based on confidence and a continuing dialogue."

Beginning on 24 June and continuing on 25 and 26 June, the workers belonging to both trade unions will be able to collect 1.4 million pesos at the pay windows in bonuses to cover the completion of the negotiations, the agreements and commitments made, a nonrepayable loan, and the extension of the contract to 34 months. Previously, the contracts lasted for two years.

* Foxley Reacts to World Competitiveness Rating

93SM0335B Santiago EL MERCURIO in Spanish 23 Jun 93 pp B1, B6

[Text] In the view of Minister of Finance Alejandro Foxley the need to increase investments in social programs and in infrastructure are the two great messages contained in the "Report on World Competitiveness," prepared in cooperation with the IMD [World Development Institute] of Switzerland. This report ranked Chile as an "economic dragon," after Singapore, Hong Kong, Taiwan, and Malaysia, among the newly industrializing countries.

In the view of the minister of finance this first appearance of Chile and of a Latin American country in this study is grounds for optimism, although he declined to say whether the Chilean economy is definitively a "dragon, cat, jaguar, or tiger," a subject which caused some debate in Chile a few months ago.

Foxley related this matter directly to soccer, emphasizing that because of the victory of Chile over Brazil by a score of 3-2 one might say that "We are a little dragon." However, in terms of the economy, he was more serious. He said: "In this area we are more modest. We must effectively demonstrate that we can live through an international situation marked by prices adverse to our interests without causing a recession. I believe that we are in a good position to do this. Once this storm cloud has passed, I think that things will be rather good. However, there is no doubt that our Gross Domestic Product average income per capita of $3,000 is not enough for people to feel real satisfaction that we have reached our goal."

He expressed optimism regarding the future. However, he said that he had a clear feeling that there is a large number of problems facing us and that we must continue our efforts and sacrifices, because the worst thing would be to feel that all is well.

The minister of finance pointed out that the "Report on World Competitiveness" is an evaluation made by the Swiss agencies responsible for it. He said that Chilean institutions, such as Adolfo Ibanez University, acted as intermediaries in collecting information for the report. He emphasized that the results of this study not only place Chile in fifth place among the countries on the way to joining the developed world. In terms of the future of the economy, the report ranked Chile in third place. In terms of evaluating economic growth, compared with other economies, the report ranked Chile in second place. In terms of the cost of living, in second place. In terms of the managerial and administrative ability of the private sector, in fourth place. In terms of the openness of the economy and the cultural openness of the people which has made it possible to begin a process of internationalization, the report ranked Chile in second place. It also made a positive evaluation of Chile in terms of the quality of the vocational training of the people.

According to this same study, the most vulnerable points are in the field of health, where Chile is in eighth place. The minister said that in the study special reference is made to the need to improve the quality of the public health system. The country was ranked in 14th place in terms of difficult, social problems, such as alcoholism and drugs. In the field of education Chile was ranked sixth, much below average. Infrastructure is another of the weakest points about Chile, both for maintaining future, economic growth, as well as in reaching higher levels in terms of the quality of life.

In terms of the rate of investment as a percentage of Gross Domestic Product, which continues to be much less than the 28 or 30 percent recorded by the Asian countries with which our country has been compared, Foxley pointed out that, according to present statistics on national accounts, in 1992 and so far in 1993, the rate of Chilean investment will be close to 23 percent of GDP.

Nevertheless, he pointed out that the Central Bank is working on a new version of the report on national accounts, correcting some underestimates, so that this figure will probably be higher.

Foxley thought that it was interesting that Chile has basically been compared to the most successful countries of East Asia, especially South Korea and Taiwan, and is close to Malaysia, Taiwan, Hong Kong, and Singapore.

However, he emphasized that there is a list of pending questions in the social sector and in terms of infrastructure, where a special effort must be made to continue improving in this comparative evaluation with other countries, particularly the Asian countries, with which the report compares Chile.

He made it clear that the study referred to has been very widely distributed throughout the world, through the international press, as a result of which, from the point of view of national image, additional emphasis has been placed on the achievements of the Chilean economy over the past few years. He expressed hope that "this would not be obscured by any storm clouds involving the domestic situation and institutional problems such as those we have had to deal with recently."

Regarding how this positive report should be read at a time when the prospects for export prices are deteriorating, such as those of copper, cellulose, apples, and fish flour, he indicated that the study takes us away from the immediate situation and more current problems and tries to identify longer term conditions affecting the development of a country.

Correction—Expert Pessimist About NAFTA Entry

PY2107152493

The following correction pertains to the item headlined "Expert Pessimistic About Quick NAFTA Entry, Foxley Comments," published on page 28 in the 21 July Latin America DAILY REPORT:

Column two, paragraph seven, first sentence, make read... this offer was not complied with, then... (adding omitted word "not")

Colombia

President Gaviria Trujillo Opens National Congress

PA2207011793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2156 GMT 20 Jul 93

[Speech by President Cesar Gaviria Trujillo opening the National Congress' 1993-94 session in Santa Fe de Bogota—live]

[Text] Dr. Tito Rueda Guarin, president of the Senate; Dr. Cesar Perez Garcia, president of the Chamber of Representatives; Mr. President of the Constitutional Court, messieurs vice presidents of the Senate and the Chamber; messieurs ministers; messieurs generals, general commanders of the armed forces and chief of the Joint Chiefs of Staff; messieurs major generals and vice admirals; commanders of the Army, Navy, Air Force, and National Police; honorable senators and representatives; Ana Milena; ladies and gentlemen:

Today, as the fatherland celebrates and we remember the most important principles of our nationality, I am here to tell you that we are seeing the beginning of a new period of hope and change for all Colombians. I say this with the belief that the last two years have witnessed the renovating work done by this Congress, which has persevered in its efforts for the benefit of the country. Exactly one month ago, when the last session ended, I had the opportunity to highlight work accomplished during a legislative period that I did not hesitate to describe as exceptional. Today I am convinced these same qualities will prevail in discussing initiatives of great importance to the country. The laws made here

have allowed democracy to grow and bloom in Colombia for the benefit of this and the coming generations.

Here is where institutional change need by this country has been understood and promoted. Here is where various political forces have voiced opinions on various initiatives. Here is where serious and open discussions have taken place, thanks to which the constitution has been implemented and definite laws have been issued in order to modernize this nation.

In addition, here is where the bases for a new and strong country have been established. The country observes with confidence and optimism how doors to the future are opening. When we look back to contemplate the changes we have undergone, we understand that great work has been done. We must also understand that this tremendous task requires continuity if we are to complete it successfully. It does not do much good to change institutions if Colombians cannot adjust to renewed conditions and a new framework. Therefore, even though in recent years we have managed to establish firmly the bases of the new country, the task of construction must continue, particularly efforts whereby people will accept reforms as their own.

In the past, there has at times been a gap between the national reality and Colombia's legal outlook. We are now striving to close that gap so that what once was a collection of lifeless words will live in our country's everyday reality. Thus will we be able to build a more open and democratic society with the participation of all Colombians.

For that reason, I cordially disagree with those people who, overwhelmed by changes, want them to end so that society might adjust to new circumstances and recuperate from the beginning of a decade that opened with many and sudden changes. To this effect, I merely want to say that although I understand their reasons, I also firmly believe that everything that requires change must be changed. I say this with the conviction that this nation needs a series of adjustments that will allow it to complete successfully the modernization process that we have begun with the valuable contribution of congress.

I am sorry to disappoint some of the government's best friends who support this position with the announcement that we are not going to remain with our arms crossed nor are we going to remain deaf in the face of urgent needs. Contrary to what many believe, we are not going to hibernate like bears, who at the beginning of winter when the fourth and last season begins, go to sleep and assume that someone else will continue their unfinished task until next spring.

Many would like for us to scurry in retreat like shore crabs or hide our heads like ostriches. No, we will not do that. We have firmly decided that this government will continue its work, with the same intensity as always, in each of the 383 days until 7 August 1994. The sun might be on our backs, but we will continue moving forward down the path of our responsibilities.

Although it is true that with the enactment of the new constitution in 1991 the country experienced the most important constitutional change of the century, and from this standpoint other innovations may seem minor, we cannot deny there are major initiatives that must be debated and approved if we want to create conditions under which Colombians of the future may live in a more equitable nation and with greater opportunities for progress. This is the case of the broad legislative agenda to be studied by the Congress in the period that begins today.

I am certain a serious study of bills will again be the norm that senators and representatives gathered here will follow, as through their intense work they have refuted with facts an unfair image that critics of the Congress have created with words. I believe those gathered here will agree when I say that poverty, impunity, and violence constitute the three evils that most afflict Colombian society and that in the past have been key factors in preventing it from developing its full potential.

Those three evils have become entangled in a Gordian knot that hampers our development. Colombians must untie those strings. Efforts by the current government and this congress have been directed at attacking those problems, and results that encourage us to continue our task have been achieved. On other occasions I have said the war on poverty is the most important task society can undertake. We have a very long way to go in this field. Achieving it requires the permament commitment of all. It cannot be otherwise.

Despite our progress, we cannot forget we still have levels of poverty unacceptable in a democratic society. While I am aware of the enormous challenge we face in this field, I am convinced we will emerge victorious from this struggle. Proving this certainty are the encouraging results of recent years. To share this conviction with you, I wish refer briefly to the combination of results and realistic projections that have taken shape. One year ago, I had the oportunity to explain to you the commitment of this administration with the so-called social upheaval, that package of actions and measures this administration has implemented to give all Colombians, chiefly the neediest, better living conditions in fields such as housing, health, and education. Some have wanted to attack this government with a biased argument out of line with reality. I disagree with those who calmly continue believing this is our weak point. I would like to take advantage of this occasion to refute that view with clear statistics and a list of assertive actions. As I said last year, it is estimated that in this administration social investment will free 3 million fellow countrymen from the claws of poverty. That will be possible thanks to social change, which will raise from 10 percent to 25 percent during this four-year period the percentage of every peso the government spends in the social sector.

We have increased resources for the social sector. We have advanced revolutionary changes in handling funds. Most importantly, the upheaval changed forever the way

of making social policies. That will be our legacy to the next government. The state is thus drawing closer to citizens and organized communities without the involvement of overburdened bureaucracies. We have gone from the traditional course of subsidizing services to providing subsidies that reach the people directly. That way, the state no longer inefficiently purchases land and builds houses but grants subsidies that specifically help those who seek and need these services.

Also, scholarships are not granted indiscriminately to public and private schools. Instead, scholarships granted to secondary level students provide an opportunity to young people who up until now could not have gone to school. The same applies to social security reform. Resources will no longer be supplied to all public health establishments unless it is certain that such resources directly reach the patients. Instead, the community, organized into supportive companies, will hire and control the health services rendered.

On the other hand, Colcutura [Colombian Institute of Culture] has quadrupled its investment budget. The national plan presents many outstanding programs that will be carried out with departments and municipalities.

Likewise, we have been helping the underprivileged and victims of violence through the Social Emergency Fund and the National Rehabilitation Plan. These are agile mechanisms for coordinating community action and the state's efforts in areas of social conflict, narcotics trafficking, and violence.

In sum, the social reorganization plan is a door to a better future that complements itself with the many alternatives that have resulted from an open policy, new commercial opportunities, and the growing efficiency of the productive sector. All of this has allowed the economy to grow strongly, generate thousands of jobs, and break the backbone of inflation. In this manner, the social reorganization we have outlined as one of our main proposals shows that we have gained ground in the struggle against poverty. But we must do more, much more.

At other times, you have heard me say that in order to complement definitely the social progress of this nation, and in order to ensure better living conditions for Colombans in the years to come, the draft bill on social security must be approved. The draft was not discussed in the past legislature, but it will be studied shortly by the plenary sessions of the Senate and the Chamber.

As I mentioned in the closing of the congress on 20 June, I do not hesitate to describe the social security reform bill as the most important one that the Congress of the Republic has studied in the second half of this century. This conviction is evidenced in the fact that political forces signed a definite agreement with the government on 13 May. That was a gesture of unity among parties and movements, whose differences of opinion among theselves or with the government did not stop them from working together for the sake of this initiative that Colombians are so longing for.

I say this is a just aspiration, because the current system has great faults. One of its worst problems is the low coverage it provides, inasmuch as it covers only 20 percent of the Colombian population. This places us very far below other Latin American and Caribbean countries, with inferior or similar levels of development. The current pension system is not feasible financially speaking in the long term, because if it should continue to move along the same path, in a few years there will not be any resources for paying the retired people of Colombia.

On the one hand, the time required for paying social security dues is very short. On the other hand, demographic changes in recent years clearly show that more people are getting older while the future number of retired persons with a higher lifespan grow. All of these factors all for an accelerated growth of the pension obligations, which this is in sharp contrast with a much lesser growth of affiliation, and therefore, revenues for the system. Under these conditions, Social Security will begin to spend its already low reserves after two or three years.

But let us not deceive ourselves. We have also reached this situation as a result of generous benefits that never took into consideration its financial feasibility and, much less, its compatibility with the dues. A serious deficit has been caused, and this must be paid sooner or later.

The aforementioned is still more worrisome in the case of the public sector. Institutional disorder prevails here, with broad benefits, without any dues or reserves, and where just a few enjoy benefits, that are highly unequal. For example, we find workers in the service of the state who, just 40 years old or less, have already obtained the right to a pension. In many cases, this pension is considerably generous, a benefit that not just the enterprises pay for, but all of society is paying for through taxes, and which do not correspondend to the lifespan of Colombians.

As if that weren't enough, there is an inefficient system in place with administrative expenditures that are excessive in comparison with average expenditures in other countries on the continent. This situation has also spawned some tax evasion. Current requisites and the way in which the current system of simple distribution [reparto simple] operates favor undervaluation [subvaloracion] of salaries during most of a person's working life.

A reversed structure [solidaridad] in which low-income workers end up paying for the pensions of higher-income workers has thus been established. All this makes imperious a reform of the current regime not only to make it viable in the long run but mainly to ensure that thousands of elderly Colombians will have, by the end of this century and the beginning of the next, a dignified old age. This will only be possible through reform that will

distribute doses of benefits and at the same introduce substantial changes in the way the financing of pensions operates.

This is why the government has proposed the individual capitalization system that would compete with the current social security system. In it, each individual would have a sort of savings account that he would be able to collect in monthly installments once he reaches retirement age. Workers will thus have the freedom of chosing the system that fits them best.

The situation [words indistinct] less worrisome because the low coverage of the system is compounded by its inequity, low solidarity, and inefficiency. It is unacceptable that poor people in Colombia have restricted access to health services; and public expenditures are not benefiting them in the required proportion. Colombia is not a country that spends little on health. Ironically, what characterizes health in the country is that the proportion of personal expenditure on health is too high, especially among the poorest Colombians.

As for coverage, the country's problem is not the existence of a global deficit of beds and hospitals. The ratio of doctors and inhabitants is high in comparison with the average in Latin America and the Caribbean. Disorganization and inefficiency in the distribution of expenditures, however, have led to the underuse of basic services infrastructure and overuse of more complex structures, such as regional hospitals, thus raising costs and creating congestion.

Moreover, the distribution of medical personnel is not in keeping with regional needs. As a result, the concentration of personnel in the main urban centers has generated a considerable deficit in rural and isolated areas. Only an integrated system that is highly and carefully consolidated [solidario] and offers freedoms, under certain conditions, in the areas of registration and granting of services will eliminate the evils that afflict us.

It is thus urgent to give Colombians a new system that will increase health coverage, a system that is equitable and efficient. I would like on this day to underscore certain aspects of the project, as approved by the Seventh Commission, specifically pension and health.

First, a large portion of the cost of the reform will be assumed by the productive sector not only through an increase in the quotas they pay but through an increase in the quotas businessmen pay. Another large portion of the cost of the reform and cost already created by the general deficit will be assumed by the state through fiscal means and public indebtness. The state will also assume minimum pension guarantees through the national budget, thus ensuring the richest will contribute to the payment of pension to the poorest and not exclusively the affiliated workers as is the case at present.

Furthermore, the richest will also contribute to the increase in the coverage through the Pension Solidarity Fund, in keeping with the proposal of the Seventh Commission. The state will also assume payments to help destitute elderly people who could never pay quotas and are currently condemned to a lowly life. We will also adopt a special protection scheme for the Indian population, which has been forgotten and abandoned amid their poverty.

Such is also the case of the government's efforts to provide drinking water, which constitutes a clear example of how modernization and decentralization are placed at the people's service. Behind us are the dark days that led to the end of the (Isfopal) and its waterless aqueducts. We are finally moving into a new era in which communities have access to drinking water. This encouraging example allows us to propose a similar management plan in institutions such as the National Rural Roads Fund, the reform of which will allow us to prop up our country's decentralization. We are going to give the communities the opportunity to break the bottleneck in access roads that undermined the development of many regions throughout the country.

The country's call for radical social change [revolcon social] has not just been a rhetorical slogan. It is a real expression of the welfare of millions of Colombians, who have seen how this society is being refurbished. This society, that had been restrained, is now facing a universe of opportunities. The country's radical social change, for example, has a fresh ingredient, that of clean water, which through the programs of (Findeter), has granted credit to 630 municipalities for 123 billion pesos and resources from the financing fund for more than 110 billion pesos.

Radical social change has a solid ingredient, that of 540,000 new houses. We must point out to the 310,000 subsidies handled by (Inurbe) and the Agrarian Fund, which will have been granted by the end of 1994.

Radical social change rests on firm ground. Thousands of peasants have been granted nearly 2 million hectares. The government has allocated 1.7 million additional hectares for the Indian communities, 100,000 more hectares than had been foreseen in the peaceful revolution.

Radical social change has an ingredient of hope, that of the start of the Program of Year Zero with 75,000 students, the 84,000 boys and girls who are receiving high school scholarships as part of our efforts to expand our educational coverage, and the university students, who have received loans from (Colfuturo) to take graduate courses abroad and who will bring fresh and valuable knowledge to our country.

Radical social change also has a happy component, that of the 5.33 million users of the family welfare programs, 760,000 more than when this government took office. They are enjoying the benefits of this program, especially poor children, who are now benefiting from nutrition plans, protection, and adequate treatment throughout the country by means of the welfare homes and the Family, Woman, and Children Program initiated by this government to care for pregnant women and children

under the age of two, who were not cared for in the past. We have also directed specific actions on certain unprotected or vulnerable groups within the population. We have merged Programa Promover [Promotion Program] with the Programa Si Futuro [Yes to the Future Program], which includes program efforts such as the Fund for the Development of Youth Initiatives and programs to return young people to the country's economic life. The Programa Madre Coraje [Courageous Mother Program] works to develop families headed by women, outdoor kitchens, training for women in democratic life, and support for family associations to protect the entire family. Finally, we have promoted the program for the elderly in Colombia as well as the life centers and the Corporacion Nacional de la Experiencia [National Experience Corporation].

Seeking a greater commitment from departments, municipalities, the private sector, and communities, we have implemented programs like the social bank, which is responsible for the dental needs and eye care of children between five and 14 who live in poverty.

The national reading plan will bring books and publications to remote villages in the country. We have promoted the national system of youth symphony orchestras called Batuta.

Perhaps one of the more significant outcomes of the project is that the creation of this fund will result in an increase in savings of the farmers, which will provide a flow of available resources for financing new productive investments in the Colombian economy and contribute to the democratization of private property. As there is no obligation, the competition between the government and private sectors in addition to the capitalization aspect itself, will result in a higher degree of efficiency. The project is directed at bringing order to the public sector by creating equal terms. Hence, the system will not benefit a minority, while discriminating against the majority of workers.

At this time I would like to offer a few comments on the project. In its current state, the new retirement funds have far more disadvantages than advantages, which were introduced to protect the social security system. The government will continue to insist on the need for the two systems to have a set of requirements that will guarantee more balanced conditions, so the proposed reforms will allow the individual capitalization system to really work. If this does not occur, the retirement funds may well die in the cradle. Nevertheless, the government agrees with the Seventh Congressional Commission—let there be no doubt about this—about the need to give the social security systems time to adapt to the new competition and efficiency situation.

One of the important aspects of the draft that requires revision is the very long transition period it establishes. As I have said repeatedly, the financial feasibility of the retirement fund system depends greatly on the new benefit schedule. Any modification of the present social security system will have to include that adjustment and the sooner the better. It would also be appropriate for the Congress to study the need to limit frequent switching between systems once the worker is free to choose the system he or she wishes to join, as this may create administrative complications and uncertainty in the system, which in turn will increase operation costs.

Likewise, the government wishes to insist on the fact that the quota level should be set at 13.5 percent of the monthly salary, as it was contemplated in the original plan. Otherwise, the quota rate would not coincide with the long-term cost of granting a pension, and this would jeopardize the plan's financial viability or the amount of pension that the members would receive.

Regarding health, the essential goal of the reforms is to make sure the whole population receives the benefits, instead of only a group. We will thus take a giant step from the public assistance phase to a true social security. A health solidarity fund will be created and it will strive to give the same assistance to members with the highest and the lowest income and at the regional level. Also, this fund will enable the poorest Colombians to receive a partial or total subsidy so they may have access to an overall health plan.

Solidarity resources will be used to finance subsidies for the poorest and most vulnerable Colombians living in urban and rural areas. New resources will be appropriated for the plan. This will enable us to increase resources currently destined for the health sector in Colombia, and support the new law for the distribution of authority and resources. This way, resources for the health sector will substantially increase starting next year, in proportion with our revenues; and they will be more than double at the beginning of the next century.

This mechanism essentially strives to increase benefits, but it is undoubtedly the newest and most efficient mechanism created by the plan to achieve its goal—mandatory family affiliation. This will guarantee that the 40 million inhabitants Colombia will have in the 21st century will have better health coverage through the social security system. The plan gives priority to the promotion and prevention activities. Simply put, it follows our grandparents' principle: An ounce of prevention is worth a pound of cure.

The system of payments by person is an essential innovation to achieve efficiency, and it clearly responds to the constitutional mandate in this concern. The plan also establishes freedom to choose and competition among those who promote or render services to provide the best service. All of this will result in higher efficiency both in public and private hospitals. The decentralization issue is particularly important in the plan for a new general social health system, so the elements concerning decentralization and the community's participation, created by Law 10 of 1990, are maintained. New and revolutionary aspects are added to broaden the scope of this law.

First of all, the plan seeks to transform gradually the way in which health subsidies operate in order to render the system more efficient and equitable, so the poor may truly enjoy the benefits. Moreover, there is a proposal so the groups with a lower income will manage the subsidies through the creation of health support enterprises. This way they will be able to request directly services according to their needs. Likewise, hospitals will gradually begin to receive the state's contributions according to the number of users they attend and the type of procedure involved—not through overall budgets established without goals and without efficiency guidelines.

In addition, the new law on assignments and resources grants departments a planning role, complementing national and local planning. The autonomy of municipalities and their role as agents for basic health services is recognized. Resources are added to the budget that necessarily must be assigned for health services and for the transfer of social investments mentioned in Article 357 of the Constitution. This mechanism through municipalities and departments also guarantees an increase in coverage.

In the same manner, in order to facilitate decentralization, the nation will assume labor commitments of certain hospitals by creating a fund for that purpose.

I will repeat over and over again that with this reform, people will be entitled to receive just pensions, which will be paid on time. All Colombians will be able to receive quick, complete, and good quality medical attention, and elderly people without an income will receive an old-age pension.

I am not exaggerating, Congressmen, when I say that you have before you the opportunity to change completely the course of this nation's history. A significant part of the neglect that the most needy Colombians have suffered in the past is about to end. With your help, the downtrodden will leave their desperation behind.

As we work in this area, however, we must also realize that we must continue another no less important struggle: the struggle against impunity. There is no doubt that strengthening justice is one of the government's main objectives, and that our efforts have produced encouraging results. Our goal has been to break the code of silence that in the past has permitted the impunity of drug traffickers, guerrillas, and common criminals. We are working on reducing impunity, by effectively strengthening the Prosecutor General's Office, giving more protection to judges, and significantly increasing salaries in the Judicial Branch and the Attorney General's Office.

We have also expanded the mechanisms to cooperate with justice by reducing the sentences of those who cooperate with the state and help to locate the heads of criminal organizations. For that purpose, we have assigned a large amount of funds. In 1993 we will invest twice the amount we invested in 1990, in real terms, in the area of justice.

The results obtained with these changes, including the Prosecutor General's Office, which has only been functioning for one year, make us feel optimistic. Despite the long path ahead, today I can say that never before has Colombia been more prepared to defeat the promoters of violence and their criminal organizations. Within that context, this legislature is bond to continue the process of modernizing justice and by adopting fundamental guidelines to strengthen jurisdictions, such as the Statutory Law for the Administration of Justice. The bill is the result of joint efforts by the highest institutions in the Judicial Branch and the government. By clearly specifying the various responsibilities of the Judicial Branch agencies, it will become a valuable instrument to guarantee a smooth implementation of justice, without collisions or conflicts. At the same time, this bill will permit the full development of new judicial institutions in order to guarantee efficient services under the principles of autonomy and professionalism, which will prevent any type of influence other than the enforcement of the law and strict administration of justice.

Since this government has made a considerable economic effort to pay unprecedented salaries to judges, it can now demand the highest standards and knowledge to ensure that the best attorneys, the attorneys with the highest levels of expertise, will become judges.

Within this entire process, I must again underscore the contribution of the 1991 Constitution, and I would especially like to say that the government is satisfied with the manner in which the application of the right to legal protection has evolved. I believe it is no exaggeration to assert that at the level of the common man, the right to protection is, in itself, the greatest revolution experienced by Colombian justice in this century.

Eloquent events have created a consensus regarding the good of legal protection. There can be no reversals. We cannot allow certain people to use a minute proportion of the more than 15,000 legal protection sentences that have arrived for revision by the Constitutional Court, as an excuse to turn legal protection into just another Colombian legal proceeding that will end up entwined in a Kafkaesque tangle.

I will refer briefly to the legal protection issue, which is closely linked to the development of the Constitution and to the Constitutional Court's advisory role during this transition phase. On previous occasions I have discussed this topic in detail. At that time I attempted to include various aspects of the controversy and to suggest actions which—without dismissing the possibility of a study of legal procedures—would not markedly reduce legal protection to an issue of proceedings and judicial ritualism. This is a very important democratic issue that requires a broader range of analysis that should include the many aspects of the practical implementation of the charter or rights and the achievement of greater relevance for the common man.

Following this trend of thought, of the various aspects of the implementation of the charter of rights, the crucial one is the development of each fundamental right through statutory laws that will first, define the scope and limitations of each right and second, point out the harmony that exists between different rights that might frequently conflict with one another in specific cases. A judge must take this into consideration when he imparts orders.

Now, due to a lack of regulations for each right, judges must exercise considerable discretion when they hand down sentences or issue orders.

We must stress, aside from their current contents, the fact that there are projects based on parliamentary initiatives regarding some of these rights, such as the habeas data. We must also point out that the rulings of the Constitutional Court and other higher courts constitute a rich patrimony of experiences and criteria on which we can work with a spirit of harmonic collaboration as happens, for instance, in the case of the right to honor.

In defining civilian rights, the Congress and the Constitutional Court have extensive and fertile terrain on which to develop the Constitution regarding points that are close to the hearts of Colombians, and which we must defend.

To complete the panorama of proposals in this field, the government is studying the presentation of a draft bill on constitutional transition and interpretation, with the same purpose of the one presented in 1992. This draft bill would gather some principles for interpretation that have already been applied by jurisprudence. It would also propose rules aimed at introducing some realism and reason to the effects derived from the rulings that apply the Constitution, whether they are from petitions for protection [tutela], nullity, or unconstitutionality. The role of the Constitutional Court, particularly through an orderly consultations system, could contribute to solve the queries that have arisen as a consequence of the transition period in which we are living on our path toward the full applicability of the new Constitution.

Therefore, we will continue to advance at full speed, as demanded by Colombians and needed by the country, in decidedly developing the constitution promoted by the Congress in the past legislature, and in developing the main topics of the Constitution that imply an extension of the national consensus from which the Constitution was created.

Also of capital importance in the battle against impunity is the all-out war against corruption. The government has been mercilessly fighting this cancer that threatens democracy and the principles of equity that should govern every society. We are firmly determined to apply the full weight of the law against corrupt people in Colombia. The new Constitution has played a key role in the battle against corruption, not only because it introduced better instruments but because it created an institutional climate more adequate for supervising public officials. This effort must continue.

In order to corner the corrupt, we will resubmit an initiative that includes the new disciplinary code for public servants. The country must be strong and unbending on this issue. It cannot be any other way for those who profit illegally at the expense of Colombians. This draft law is the government's contribution to a discussion that is, and should be, one of nation's main concerns. I say it is a contribution, because we know many people are eager to work to cure this disease. I hope our proposal will join those general or specific plans being designed by agencies such as the Attorney General's Office, the Comptroller General's Office, the treasury, and various political organizations and citizens' groups that have epxressed their interest in fighting against those who would steal the country's progress.

In addition, with the elimination of preliminary control, which had proven to be a mechanism leading to corruption, the executive authorities became more autonomous and more responsible in the administration of financial resources. This can be ensured only through the approval of an internal control proposal, as the Constitution stipulates. To work against corruption is to work for Colombia. Providing institutions with mechanisms to prosecute the corrupt is one way for society to reject corruption. Summing up, eliminating corruption is work for all to do that will benefit everyone.

I would now like to discuss security, public order, and citizens' coexistence at a time when Colombia faces new challenges in this field. The battle against violence is also one of this government's main concerns in an effort to restore peace to a country whose situation in this field still leaves much to be desired. The results obtained with the govrernment's general security policy show significant progress. Everyone can see that the combined action of the public force, the administration of justice, and the citizens' cooperation has been overwhelming against guerrillas, drug traffickers, and common criminals. Colombians understand clearly that it is indeed possible to offset the destructive activities of these groups and, in many instances, defeat them by capturing their leaders, disclosing their terrorist plans, dismantling their support networks, and freezing their bank accounts.

The truth is that society's attitude is changing and that the people and the government trust each other more to act jointly. The Congress has played a more active role in this process. Proof of this is the previous legislature's approval of several proposals, one that regulates states of exception, one on the national police reforms, one giving the government authority to control possession and carrying of firearms, and one on kidnappings. On the latter, which is part of the policy we have been implementing, I would like to say that the government does not share the attorney general's interpretation. For this reason, the ministers of government, justice, and

defense, in a hearing they requested before the Constitutional Court, hope to defend this law's constitutionality and show its effectiveness in the struggle against this crime.

To consolidate this effort, however, it is necessary that congress give priority to three proposals in the session that begins today.

In the first place, that which turns the most important decrees issued in the framework of the Interior Commotion into permanent laws. These norms have strengthened the efforts of the prosecutor general's Office and those of the offices that control public budgets so that funds do not end up in the hands of criminals. These norms serve to protect the national wealth and the transportation system from terrorism, to finance the departments' security programs, and to facilitate dialogue with peace-seeking guerrilla groups.

These norms have become not tools for restricting rights, but tools to counteract criminal organizations, to capture their leaders, to enforce the law, and to seek the citizens' support in this endeavor.

These norms have been examined within the framework of the Constitutional Court. In the government's opinion, all could qualify as permanent laws because they they are in line with the spirit of the Constitution.

In second place, the bill to reform the criminal proceedings code changes some passages of decree 264—the Interior Commotion Decree—to bypass the Constitutional Court's nonfeasibility ruling, thus maintaining the tools provided in those passages, especially that which allows the prosecutor general to propose sentences to the judge—who makes the final decision—when an accused person cooperates with the authorities in cases involving crimes aginats the public order to be tried in regional courts.

What is important, as the bill establishes, is that the prosecutor may have some clout in sentence-reduction proposals and that reductions are not administered automatically so that prosecutors may have this benefit to offer to criminals willing to cooperate with the authorities.

This bill is essential to resolve proceedings ongoing in the framework of the surrender-to-justice policy.

In third place, there is the new National Defense Law, which has already gone through the chamber's second commission. This law contains important concepts and practical ideas having to do with the most important national defense and security institutions so that there will be improved coordination and planning and, in general, more efficiency at all levels.

With these tools we will be able to continue making progress in our objective to deactivate violence. But we cannot stop here or feel satisfied. There is a long road ahead when we consider the importance of providing security for Colombians on a daily basis. For this reason, we must plan new and more ambitious objectives.

The fact is that the realm of violence has changed dramatically in recent years. Perhaps the most important aspect of what is happening is that the the lines that separate drug traffickers, guerrillas, common criminals, and private vigilante groups are becoming inceasingly thin.

This is happening also in urban centers where new kind of crimes are occurring. It is evident that remnants of groups that have been coming apart and degrading themselves currently pose a new challenge to national security not because of their capacity for destabilization but because of the threat they pose to the safety, employment, family, and future of common citizens.

The topic of citizens' security must be the object of the government's state policy. Such a policy must encompass the goals that have guided our actions to guarantee the monopoly of the use of force, to recover the implementation of justice to fight impunity, and to expand the state's institutional participation. I want to outline the type of additional efforts that will be made by the government, as part of a national strategy, to recover the peaceful coexistence and security of citizens, which we will announce in August.

First, we will maintain efforts to strengthen justice and the Public Force. We will continue to expand the technology of the intelligence services. Also, something of major importance in light of the increasing number of arrests and surrenders, is our plan to expand and modernize our prison system, to construct more prisons and high security wards, and to design more programs to rehabilitate prisoners.

We will continue to expand the territorial coverage of the Public Force. Our goal here is that there will not be a municipality or township in the country that does not have the permanent presence of the police, the security corps, or the military forces in the coming years. Also, we will increase the presence of the police in the cities. The goal of professionalizing the Army units, maintaining their mobility in the antisubversive struggle through mobile brigades and battalions, and modernizing and integrating the Armed Forces communications system are purposes from which we will not divert.

Second, we will conduct an in-depth focus on prevention and outline plans of action related to dissuasive measures that will reduce opportunities to commit crimes or violent actions. One way will be to increase the presence of the Public Force, to increase opportunities so that minor conflicts can be resolved, and to exert greater control on the possession of weapons. Another possibility is to give more attention to high risk groups, such as youth, to reduce the possibilities of their getting involved in criminal activities.

Third, it is necessary to promote the consolidation of a plan on matters of security, justice, and defense that will permit carrying out strategic policies, within the framework of the development plan. Also, at the regional level all municipalities of the country must have security and coexistence plans, establishing priorities for the work of

the authorities. Experiences, such as the CEPAS [not further identified] plan in Cali, have demonstrated the immense possibilities of civilians participating in matters of public order to safeguard the citizens' security, engaging the participation of the community in these purposes.

As for the peace policy, the doors of dialogue remain open for those guerrilla groups that show through their actions a sincere commitment to peace and to rejoining civilian life. In no way will we allow, as has happened so many times in the past, the guerrillas to use these procedures for other purposes. In addition, we will expand and design new mechanisms to make it easy for these people to leave these organizations in a way that they will have legal, social, and political guarantees.

This whole effort, headed by the government, seeks a simple goal, which often hides behind a complex word such as security. We have to admit that so far we have devoted most of our effort to the security of the state and institutions. Now, without abandoning the work we have conducted and that has shown specific results, we are going to place greater stress on the security of the average Colombian, the worker, the citizen in all his daily chores.

It is a new phase, characterized by making an in-depth study of the various aspects of the security of citizens, which obviously must go beyond the effort of this administration.

The struggle against poverty, impunity, and violence, however, has other expressions. Just as it is possible to fight those terrible ills with direct actions, the study of initiatives to permit this country to continue firmly on the path of growth is also advisable.

I am referring to the analysis of other bills which, consistent with the explicit or implicit mandate of the Constitution, Congress will undertake during this legislature. The modernization of the country's institutions depends to a great extent on the approval of the various initiatives. This modernization will become the most solid base of the peaceful revolution. Although the list of initiatives is lengthy and each one deserves a succinct analysis, I would like to refer to only some of them due to the brevity of time.

I have always believed that education means freedom. This is why the national government wants to guarantee suitable education to today's children—the citizens of the 21st century. The government wants to improve the quality of education and educate more people. This is the challenge of this administration and of future administrations.

Right now, centralism, disorderly distribution of posts at the various territorial levels, and regional instability are some of the most notorious characteristics of the current system.

With the approval of the Qualifications and Recourses Law and the definitions on salary and pension matters, a broad space has been opened to discuss calmly and orderly the Education Law.

For this reason, the participation of parents and the education community in administering and controlling this law; the autonomy of the territorial institutions in establishing curriculum aspects; and harmonic relations between public and private schools, considering the mixed-school nature of the Colombian education system, are some of the issues that will attract the attention of legislators in the next few weeks.

We will not tire of saying that there cannot be modernization and transformation in this country without providing education to more people and without expanding the contents and the purposes of our education. The future of millions of Colombians depend on how well we do this.

Not less important is the basic law on planning. This law will create the mechanisms and procedures so that the next government will be able to present a national development plan for the consideration of Congress during its first six months in office.

Only with a modern development program capable of establishing the objectives of the state, will the government be able to handle unforeseen circumstances and tackle unexpected initiatives that may arise during the period the development program is in effect.

This way the government will have an essential tool. This, plus the basic budget law, will fill the requirements of Article 355 of the Constitution.

To overcome the situation that arose a few weeks ago as a result of a cabinet ruling, the government and Congress passed during a first debate a bill that, through a temporary article, consolidates the Government's authority to sign contracts with nonprofit organizations to cover basic social services in fields such as health and education.

The country trusts that this legislative action, a fruit of efficacious cooperation between two branches of the state, will be quickly approved on a second debate because if it is not, essential public institutions that serve the social objectives of the state could be paralyzed.

This way we will be able to overcome one of the biggest hurdles of the constitutional transition period.

At this point of the discussion, I must state my concern over the opinion of those who view with suspicion everything the state does to develop new forms of association to reach its objectives. I am referring to a particular interpretation of the Constitution of 1991. I do not hesitate in characterizing this interpretation as evil, and I say evil because this twisted way of interpreting the wishes of the constituents in the midst of difficulties characteristic of transitions deserves no other adjective.

Those who complain that the state can do everything and that it is separated from society and the citizens by a sea of laws and prohibitions, are setting the basis for a totalitarian state. Such interpretations are wrong and dangerous from both the historic and ethical points of view.

Those who deny nonprofit organizations and civil society, in general, the possibility of working with the state in the search for a common goal are simply turning their back on the nation's interests.

Therefore, the president of the Republic expects the Congress and the other institutions to interpret the Constitution properly within their respective circles of competence. The country would be done a disservice if the idea is permitted to flourish that the state cannot perform public functions jointly with private individuals, thereby openly contradicting the Constitution, which recognizes and exalts the civil society's role in fulfilling social duties.

Let us move on to another subject. Much has been debated lately about the future impact of our recent oil discoveries on the country's development. The debate is open, it is productive, and it has already started on a technical and academic level at the international forum that the government recently organized and which will now be expanded on by the Congress. To use a cliche, the country faces the challenge of managing this bonanza wisely. In addition, because most of this revenue will be channeled to departmental treasuries through transfers from royalties and the central government, this debate is closely linked to the decentralization process and will effect some of the decisions that will have the greatest impact in the next 10 years. I am referring in particular to decisions that have been and still are debated by this Congress. During the previous legislature, the Congress approved a resources proposal, which will become a fundamental instrument in this process. With this law, the central government can transfer to departments greater and greater amounts of the central government's current revenue to be applied to the expansion of health and education programs.

No doubt, the country's current oil revenue will be significant. From the Cusiana region's activities alone, the central government will transfer increasing amounts of revenue starting in 1995. This amount would be close to 400 billion additional pesos every year starting in 1997. Thus, departments and municipalities will have the necessary money for an important portion of the social investment that the country requires. The government believes it is necessary to look deeper into the national royalties fund plan, which will have enormous repercussions in territorial development and the country's economic stability, based on recent reports on the extent of the oil fields. This law will serve to establish systems to allocate financial resources, which will be increased from .6 percent of the product to 1.4 percent in 1998. This equals close to 800 billion present pesos.

Although I am sure the study of this proposal will be serious and careful, I wish to make a few comments. First of all, it is necessary to create a regulation framework to distribute equitably among the various regions the resources and benefits derived from common natural wealth without harming the rights of the departments, as well as productive and port agencies. Next, it is necessary to strengthen the decentralization process by channeling part of this money to solving the country's serious physical infrastructure problems. This is a unique opportunity for the departments to invest their resources to transform our highway network, to build irrigation systems, to expand agricultural activities, and to initiate the projects we have never had and which will give Colombia the infrastructure of a modern country.

The investment of royalties in the physical infrastructure is fundamental for the nation to absorb the revenues from the oil bonanza. This is essential to prevent a revaluation of the peso, acute inflation, and irreparable damage to the exporting sector, industry, and agriculture. If this saving does not take place, it is necessary to think about measures to distribute the transfer of these resources to the territorial entities.

Therefore, the national government will be very active during the next legislative period and it will cooperate with the congress in designing formulas that will promote regional and inter regional projects that will have the greatest impact on the well-being of Colombians. This will be this Congress' definite contribution so that Cuisana will be a success and not a frustration.

Now, I want to refer to other initiatives that seek to become laws of the Republic in the legal development of the 1991 Constitution. Because they are guaranteed—the market of captive consumers—some public services companies have turned their backs on innovations and the basic principles of efficiency. That has to be changed. We must stop being afraid of the institutional reorganization of that group, setting aside foreign influences while providing efficient services and creating new business endeavors that will generate competition.

On reviewing this subject, it is noteworthy to observe as of now that the government considers the public service law a very important instrument through strong legislation that will regulate the institution, rates, and regulations, as well as the incorporation of private sector in providing these services which will guarantee them at competitive prices in the fields of potable water, electricity, telecommunications, and gas.

Another important draft bill for supporting the modernization of the country is the electricity law. This seeks to establish mechanisms that will guarantee the participation of the various public and private agents in the generation, transmission, and distribution of electricity, while they will simultaneously protect all consumers and ensure adequate service. This purpose must be maintained, avoiding the establishment of taxes, excessive rates and contributions that make productive activities

very expensive and reduce the competitiveness of national commerce and industry.

And while we are on the subject of services, let us talk about television. Following extensive work meetings between the communications minister and the persons who proposed the draft bill, they have reached agreement on the television law, which is one of the most important ones to be studied during this legislative session. If this general outline is followed, and we have the approval by congress, the National Television Authority [Autoridad Nacional de Television], created by the 1991 Constitution, will very soon begin operations. With this, it will be possible to get Colombian television up to par with a system of greater competition, more open to private initiative, with an opportunity for foreign investment, and with a marked emphasis on decentralization.

To this effect, we must proceed carefully. Television services in Colombia have been the basis of our democratic structure and it must continue being so. Most important in this draft bill are the antimonopoly system that it provides, a respect for the acquired rights of those who are concessionaires of national television space since 1991, and the transition period in which the television autonomous entity will be installed, the organization of the electromagnetic frequency band, and the preparation of the National Television Plan.

We are working on an important law for rationalizing and decentralizing the construction, regulation, and administration of transportation in Colombia. To this effect, the Public Works and Transportation Ministry, Civil Aeronautics, as well as the Highway and Road Fund, will be reorganized. According to this law, the aeronautics authorities will concentrate exclusively in the control of air traffic and air security, which should be its main and only task.

The administration, construction, and maintenance of airports will be in the hands of local companies or corporations, thus improving the decentralization process.

It is the government's view, that these basic issues, as well as the swift transition to the new transport ministry, must be kept as part of the project, and must not be pushed aside during the discussions. The demanding need for modernization and expansion of the country's infrastructure calls for the legal framework to be broad-based, visionary, and bold. The country's economy urgently needs a transit system that will not hamper its growth.

On the issue of territorial autonomy, the government will again present a draft organic law to regulate territorial administration. It will do so as discussions continue on the three draft laws directed at modernizing the organization and operation of the departments, municipalities, and metropolitan areas.

The developing countries did not invent the enormous environmental problems the earth is now facing. It is clear that the majority were created by the industrialized nations. Without a doubt, if we do not find a way for these nations to fulfill their responsibility, sooner or later the planet will make us all pay the price. By creating a ministry of the environment in Colombia, our country not only becomes wise about this international dilemma, which seeks harmony between conservation and development, but rises to spearhead these efforts. Colombia will then be in a position to demand the financial and technological assistance it will need from the industrialized nations, given the enormous effort required to protect the continued use of one of the planet's richest biological treasures.

A ministry such as this, which will be the source of policies and a frontline regulator and coordinator, will give the environment the importance it deserves from the state. It will, at the same time, be a key element in the complex process of negotiations taking place to reach as many comprehensive environmental agreements as possible, and in the difficult task of identifying and fighting against the creation of unilateral conditions, which, in the name of conservation, rise instead as artificial obstacles blocking our countries from international trade and financial markets. Following the in-depth and enthusiastic public and political debate the draft bill has been through, we hope the Congress will approve it within the coming months, in order to install the new ministry as soon as possible. This initiative will be supplemented by the regulations created by the Magdalena River Corporation, which promotes the overall development of this waterway, the recovery of the river, and the well-being of the people who live near the country's most important waterway and the areas it affects.

The draft budget bill for 1994 is perhaps a much less important initiative, as far as time is concerned, but essential to maintaining economic stability. The budget has been designed under the strictest fiscal discipline measures. The government's calculations agree with those of the Board of Directors of the Bank of the Republic which show that the maximum possible deficit can only be between 1 and 1.3 percent of the GNP, if it is to remain consistent with the 19 percent inflation rate objective set by the bank. A greater deficit would increase interest rates, discourage private investment, and would force a devaluation of the peso.

A large part of the increased income from the 86, 90, and 92 tax reforms was used to cover new obligations, such as public employee benefits, debts contracted by the electricity production groups, the strengthening of security and justice organizations, the expansion of the country's physical infrastructure, and greater debt payments. These obligations, together with the state's other obligations, make strict fiscal discipline an obligation for the 1994 budget. This calls for the government and the Congress to move carefully in approving initiatives that require new spending. Nevertheless, investments by national level entities will respond to reality, particularly social investment. Hence, the social sector will go from

29 percent of the total 1990 government investment to 41 percent for 1994, while public works will increase by 42 percent.

Due to the length of this speech, I cannot go into the topic of the agrarian sector as deeply as I would have liked to. Those who say the government has not granted that topic great attention are very wrong. The very adverse international situation of the prices and some of the adjustments derived from the integration process have significantly hampered our work. These circumstances, more than the opening of markets, are the cause for the majority of the difficulties.

Legal reforms such as the IMAD [expansion unknown], the ICA [Colombian Agricultural-Livestock Institute], and the Agriculture Ministry, and others being studied by the Congress, such as the modifications to the regime of the Agrarian Reform, the Forest Certificate, the Regime of Protection to Vegetable Varieties, and the Stock-Breeding Development Quota, are some of the initiatives necessary for the recovery [of the agrarian sector].

Furthermore, in order to find the solution to current problems, we are undertaking a complete reactivation plan that includes debt financing and refinancing, capitalization of the Agrarian Fund, strengthening of the DRI [Integrated Rural Development Program], reform to the tariff rates, establishing official minimum prices, a technical change program, a broader intervention of the IDEMA [Agricultural-Livestock Marketing Institute], support to the stabilization funds, maintenance of the CERT [Tax Rebate Certificate], and an important budget support for agrarian sector entities. These actions together will allow Colombian agriculture to recover its vitality over the next few months.

Honorable parliamentarians, I cannot end this already-long message without making reference to the modernization of the State.

As I have said in other opportunities, in order to overcome the closed, protectionist, interventionist, and centralist model we had adopted in the past, since the beginning of my mandate I have undertaken an overall policy for the modernization of the State. The decrees we issued at the end of 1993 to fulfill the mandate of transitory Article 20 of the Constitution are part of that policy.

The decisions we have adopted seek to redefine the role of the State so that it leaves the areas where its presence is unnecessary and unproductive, and consolidates its presence in the places in which its action is absolutely indispensable; to guarantee the fulfillment of the constitutional principles for efficiency, efficacy, and morality; to consolidate the decentralization process; to improve the public services; to strengthen the State's social mission; to modernize the institutions that have responsibility regarding science and technology; and to strengthen control and surveillance systems.

These reforms have not been capricious or improvised. All of them were necessary. I do recognize that the manner in which the process has been managed has allowed cause for concern. It may be true that the manner in which the Constitution consecrated the modernization on the Executive Branch, delegating the said power with a precise deadline and with a nonbinding concept from some of the members of the Council of State, did not allow sufficient deliberation in the process.

Transitory Article 20 provided clear and precise instructions to undertake the said reforms. In spite of the foregoing, I repeat what I told you on June 20 with regard to the government wishing for the formation of some mechanisms, such as the creation of subcommissions, with the participation of all the political forces represented in Congress, to study basic points in the modernization decrees, instead of taking the constitutionally debatable—and clearly inconvenient—path of abolishing it without any deliberation on the contents and effects of the said reforms.

Senators and Representatives: The new institutional order achieved by the Colombian people is a starting point for modernizing our institutions and setting in operation a state organization that can meet the current demands of a nation whose economy had progressed quickly and whose social structure had become complex. This nation, however, was still restricted by political patterns, which had been rendered illegitimate by the lack of participation of new social sectors, which in turn outgrew the small rural country where a few representative institutions were sufficient to lead select minorities in the Colombian leadership.

Fortunately, the panorama of the approaching election year is very different from previous ones. Colombians should not be content with the service received from or the favor granted by those who are elected. More and more, Colombian citizens, aware of their rights, integrate themselves into a political community to participate in the design of institutions, decide in popular consultations, control the mandates given, and create a truly open and participatory democracy.

Undoubtedly, we still have a long way to go. It is also clear, however, that we are on the right track and that this society is more pluralist than before and that its institutions are more genuine. We have made a great effort to legitimize political processes and the electoral system. The parties' law and the parties' financing by the government, the single ballot as an alternative to the multiple ballot, elimination of subsidies, modernization of political institutions, and strengthening of the Congress have made democracy transparent and given it credibility. We believe the electoral process, which is just starting, should serve to expand our political transformation and support the government and the people's rights. To this we will devote our best resources and firm determination.

In this context, I hereby reaffirm the government's undeniable determination to guarantee the development of the coming elections in a framework of impartiality and honesty. We will permit no violations of this principle. Public officials are at the service of society in general and will be penalized without leniency whenever their authority and power are put at the service of the electoral interests of any candidate, party, or movement.

Dear Congressmen and Friends: I have taken longer than usual in this type of event to describe in relative detail both our strategies and our progress in the unending battle against poverty, impunity, and violence which take place in the development of the Constitution and the country's modernization.

To make progress in this struggle it is necessary for Congress to study and to approve the different initiatives that are part of this ambitious legislative agenda. It will be an integral part of the intense work you will all be doing in the next few months.

I want to simply tell you about the enormous pleasure felt by those of us who have fought to build a fatherland open to the people's participation that does not exclude anyone and that has equally provided protection for those who have played a leading role in the country's history and those who will play the leading role in the future.

It is precisely that enthusiasm that will encourage our future work, that will spur on our new struggles, and that will allow us to make progress with the extensive agenda of change and reform we are implementing. That will be the agenda that will guide us toward the 21st century that is fast approaching.

I have said on numerous occasions that the 1991 Constitution did not mark the end of process of reforms, but it was the hopeful beginning of a new chapter in our history. It is no secret that Colombians are now on the path, which former President Alfonso Lopez Pumarejo once called the friendly liquidation of the past.

I am sure the Constitution will allow us to strengthen our new democracy, which I promised to give Colombians at the beginning of my term. That is why I dare to frankly say that the peaceful revolution has split Colombia's history in two.

The country's radical social change, the institutional modernization that is being implemented, the strengthening of the public force, the strengthening of our justice system, the internationalization of our economy, the progress made toward Latin American integration, the growing regional autonomy, the creation of a new housing policy, the promotion of a fair health and social security system that is financially feasible in the long run, the generational renewal, and so many other initiatives are duties we have completed and which have already begun to yield fruits. This shows everything is possible if there is enough effort and determination.

The mission of all those who have gathered here is to think about the Colombia we are building and to create the mechanisms that can turn it into a more fair, more prosperous society with higher growth rates and better safety conditions for all, with a better capability to compete in international markets, with a better infrastructure, with a stable economy in which everyone has the opportunity for a worthy job, to live in a worthy house, to have land to work, schools and universities to send their children, hospitals that can guarantee our health, and a social security system that can protect us in old age. In short, we need a country that can protect its children and guarantee the future of the new generations.

Before ending, I wish to express my gratitude on behalf of all Colombians to the leaders of the Senate and the Chambers of Representatives headed by Drs. Jose Blackburn, Tito Edmundo Rueda Guarin, and Cesar Perez Garcia. Without their work and that of their assistants, it would have been impossible to have such a fruitful legislative period for the development of our institutions and our democracy.

After installing the Congress sessions, I wish to renew my feelings of faith in the future of your work because I have seen the huge capability of this Congress to face the most difficult challenges. I know you will be able to respond to the Colombian people's expectations on your decisions. You have the keys to the future in your hands.

I am at ease because I know your firm hands will be able to hold the key and open the door that will lead to the best road, the path this society deserves because it has tirelessly fought very hard for a better tomorrow. Thank you very much.

Paraguay

Paraguayan President-Elect Leaves on Visit to Spain

PY2107150493 Asuncion PATRIA in Spanish 21 Jul 93 p 1

[Text] Paraguayan President-elect Juan Carlos Wasmosy yesterday afternoon departed for Spain, where he will maintain an extremely busy schedule. At 1200 today he is scheduled to meet with Spanish Prime Minister Felipe Gonzalez during a special audience at La Moncloa Palace. Spanish Foreign Mionister Javier Solana will also attend the audience.

At 1400 today Wasmosy will attend a luncheon hosted by Foreign Minister Solana at the Viana Palace. Tonight, Wasmosy will attend a private dinner hosted by King Juan Carlos at the Zarzuela Palace.

Wasmosy is scheduled to return to Asuncion tomorrow at 2000. Wasmosy is accompanied on this trip by his wife Maria Teresa Carrasco de Wasmosy.

President-elect Sets Out Plans, Warns Army

LD2107230893 Madrid RNE-1 Radio Network in Spanish 2100 GMT 21 Jul 93

[Text] The president-elect of Paraguay, Juan Carlos Wasmosy, is now in Madrid on a brief visit prior to taking office on 15 August. The Paraguayan president had a meeting with Minister of Foreign Affairs Javier Solana, had lunch with Prime Minister Gonzalez, and concluded his busy schedule with a dinner with King Juan Carlos. Wasmosy asked the Spanish authorities for help in modernizing his country's economy and fighting drugs-trafficking and corruption. A report from Maria Vallejo:

[Vallejo] President-elect of Paraguay Juan Carlos Wasmosy has come to Spain to present the image of a new Paraguay, an open country, he said, with a free economy and clear, serious, and lasting economic rules, with cheap energy and a suitable social climate—in short, an advantageous situation for investors. Juan Carlos Wasmosy announced that he will undertake an intense program of privatization on his arrival in power. From the Paraguayan Airlines to the National Cement Company, everything that is not the job of the state will be privatized and among the investors, he said, could be Spanish businessmen:

[Begin Wasmosy recording] We have abundant energy, we have two rivers which are the most economic means to get those primary commodities out and, far from exporting them in a primary form, we believe that Spanish cooperation and participation in this respect, with the experience you have and the technological level already assimilated, could be very advantageous to you. [end recording]

From his meeting with Prime Minister Gonzalez, Wasmosy secured a line of credit to the tune of 105 million dollars, part of which will be destined for education, health, and infrastructures. The new president of Paraguay, who will take office on 15 August, acknowledged the considerable extent of smuggling and drug trafficking in his country. He says he is convinced that the problem will not be resolved by the army and the police alone. Smuggling will be overcome by coordinating the macroeconomic policies of the bordering countries in order to make inflation rates the same; and the drug trafficking will be resolved with international collaboration, especially that of the United States.

Finally, Wasmosy said he would have no qualms about fighting the army if it were to rise up against the constitution.

Rodriguez Pressuring Wasmosy Over Cabinet Appointments

PY2107163893 Asuncion TIEMPO 14 in Spanish 21 Jul 93 p 18

[Text] President Andres Rodriguez, President-Elect Juan Carlos Wasmosy, General Lino Oviedo, and other senior military officers met on 16 July at the Cavalry headquarters. At this meeting Rodriguez strongly demanded that his share of power be respected.

It has been learned that Rodriguez would like to have Interior Minister Hugo Estigarribia and Justice Minister Oscar Paciello, among others, to retain their posts in the new cabinet. Juan Manuel Morales would thus be the labor minister.

It was noted that while at a certain point during the meeting, which lasted until late that night, Wasmosy's would-be cabinet had been practically completed, it collapsed and several pieces still have to be moved on this chessboard.

Rodriguez's pressures have now been added to those exerted by Oviedo a few weeks ago, at which time, during a similar meeting, Oviedo reportedly told Wasmosy that in appointing his cabinet he "should not move away from the economic and military groups that elected you."

Military Commanders, Deputies Discuss Military Law

PY2107220693 Asuncion HOY in Spanish 21 Jul 93 p 7

[All quotation marks as published]

[Text] General Pedro Concepcion Ocampos, commander of the Army; General Jose Cespedes Zarza, commander of the Air Force; Rear Admiral Flavio Abadie, commander of the Navy; and General Mario Rodolfo Escobar Anzoategui, chief of the Armed Forces General Staff, met yesterday behind closed doors with several deputies in Congress. In remarks to reporters, the senior officers said this was a first contact that will be repeated next week. They added that at this meeting they conveyed the military position in favor of maintaining the post of commander of military forces, which opposition congressmen are seeking to eliminate and replace—through a new law—with a joint staff.

Gen. Ocampos noted that "a law that has barely been enforced should not be repealed." He added: "It is too early to talk about repealing the law."

Ocampos noted that should the process to repeal the law continue, they will appeal directly to the plenum of the two houses of Congress to stop that process.

For his part, Rear Adm. Abadie told HOY that "the repeal process was stopped through these talks, which will continue.

During the meeting, Abadie confronted PLRA [Authentic Radical Liberal Party] Deputy Hermes Rafael Saguier, one of the strongest advocates of the idea that all military officers must cancel their party memberships. Abadie told Saguier that, as a Christian, if someone tells him to renege on his religious beliefs, he will continue to be a Christian "whether with papers or not."

The meeting was held a few days after the submission to the Chamber of Deputies of a bill aimed at repealing the Military Organizational Law and when the aftershocks of the recent defiant remarks by Deputy Luis Alberto Mauro, leader of the National Encounter [EN] bloc, still are being felt. Mauro stated that "if the military wanted to stop this bill "it will have to deploy its tanks and put an end to democracy."

Gen. Cespedes completely ruled out the possibility of an adverse military reaction to the above bill in terms of a military coup or a disruption of the democratic process. He stated: "The military will continue to firmly support the Paraguayan democratization process."

Although the requirement for military personnel to cancel their party memberships was not specifically brought up, Gen. Ocampos thoroughly discussed it. He stated outright that he will object to such a requirement because it would violate the "acquired right" principle.

Opposition deputies, namely Luis Alberto Mauro, have conveyed their decision to include an article in the new law that would specifically require that any officer, in order to be promoted to a rank higher than colonel, must first cancel any party membership. Mauro added that if a disagreement arises, the matter must be decided by the courts because while the Constitution mandates that military personnel cannot join parties, it has not canceled previous memberships.

Gen. Ocampos clearly stated that the military will make every effort to avoid a confrontation and it will continue to appeal if the repeal process continues, until it is heard."

Yesterday's meeting was attended by Francisco Jose De Vargas (PLRA), president of the Chamber of Deputies; Euclides Acevedo (EN) and Luis Gonzalez Macchi (Colorado Party-Argana faction), vice presidents of the chamber; and the following members of the Defense and Constitutional Affairs committees: Sergio Lopez (PLRA), Luis Alberto Mauro (EN), Walter Bower (Colorado Party-Argana faction), Hermes Rafael Saguier (PLRA), Ricardo Jara (PLRA), pro-government Deputy Luis Becker, Martin Sannemann (PLRA), and others.

Venezuela

Unidentified Men Kidnap Honorary Portuguese Consul

PA2107174693 Caracas Venezolana de Television Network in Spanish 1550 GMT 21 Jul 93

[Text] Lara State security organizations are currently trying to determine the whereabouts of (Jose Castro Concalvez), 53, Honorary Portuguese Consul in Venezuela, who was kidnapped on 20 July .

Castro Concalvez was kidnapped by three men who forced him into a car and then rapidly drove away. The Portuguese consul was traveling along Barquisimeto's 42d Street and 19th Avenue at the time.

An anonymous person later phoned the consul's home and demanded 15 million bolivares in ransom.

Government Appoints Commission To Study University Needs

PA2207021693 Caracas Venezolana de Television Network in Spanish 2350 GMT 21 Jul 93

[Text] Representatives of various universities of the country on 21 July marched near Miraflores Palace to protest that the budget assigned to the universities by the National Executive Branch has run out. Nonetheless, it was decided to create a high-level commission that will be in charge of finding a solution to the budget problem.

[Begin recording] [Ramon Espinoza, minister of the Secretariat of the Presidency] We are not refusing to solve the problems. We are using a different approach. In other words, this problem calls for everyone's participation. The problems do not concern only the government; these problems concern the country. The country must join the search for the solutions.

Therefore, we have invited the university sector to form part of a high-level commission, with another commission to be appointed by the government, to find a solution to the university problem, bearing in mind—as much as possible—the budget and the flexibility that will allow finding the solution they are proposing.

[Education Minister Elizabeth de Caldera] We must be reasonable and make maximum use of the available resources to meet the current expenses. On the same hand, I have pointed out the importance of issuing the law on financing higher education. That draft bill has been sitting for several years at the National Congress. Now, it is urgent that it be studied and issued, as this would provide the sources of financing the universities. This would benefit not only the state universities, but other groups as well. [end recording]